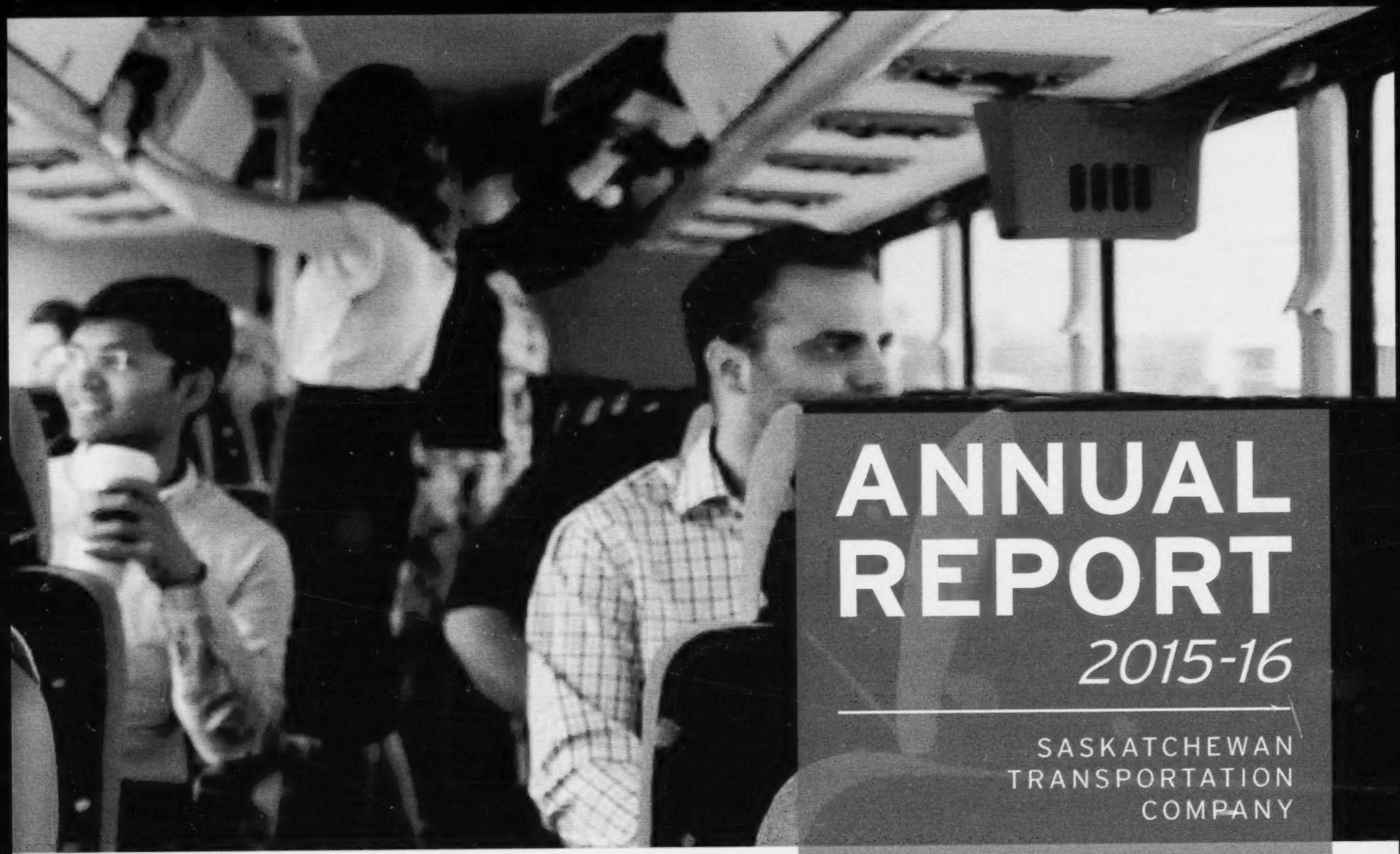

ANNUAL REPORT

2015-16

SASKATCHEWAN TRANSPORTATION COMPANY

STC
The Bus Company

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CORPORATE MANDATE

The Saskatchewan Transportation Company (STC) is a provincial coach company which provides **SAFE**, **AFFORDABLE**, and **ACCESSIBLE** bus passenger and freight services to Saskatchewan.

2015-16 CORPORATE PROFILE

MISSION

To provide value to Saskatchewan residents with convenient, affordable, safe, clean, comfortable, courteous, environmentally friendly, and reliable passenger and freight transportation services.

VISION

To be the best passenger and freight transportation company in Canada.

VALUES

All business activities are conducted in a manner that is:

- Honest
- Dependable
- Innovative
- Respectful
- Socially and Environmentally Responsible

At STC, we work hard to keep
our customers satisfied.
93%
OF PASSENGERS AND
95%
OF PARCEL EXPRESS
CUSTOMERS AGREE.

LETTER OF TRANSMITTAL

Regina, Saskatchewan
June 30, 2016

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of the Province of Saskatchewan

Dear Madam:

I have the honour to submit herewith the Annual Report of the Saskatchewan Transportation Company for the 15-month period ended March 31, 2016, in accordance with *The Crown Corporations Act, 1993*. The financial statements are in the form approved by the Treasury Board and have been duly certified by the Company's auditors.

Honourable Jennifer Campeau
Minister Responsible for Saskatchewan Transportation Company

MESSAGE FROM THE MINISTER

During the 2015-16 fiscal period, the Saskatchewan Transportation Company (STC) met its mandate as the provincial intercity bus company by providing valuable bus passenger and freight transportation services to the citizens of Saskatchewan. STC was rewarded for its efforts by receiving a passenger satisfaction rating of 93 per cent and a parcel express customer satisfaction rating of 95 per cent.

By linking communities, people and businesses, STC serves the customer and the shareholder. STC provides citizens with access to essential services in larger and rural communities. Entrepreneurs across the province have access to shipping services that can supply parts or distribute products, expanding markets beyond their local community.

STC understands that they are entrusted with the transportation of our fellow citizens. To that end, they are focused on ensuring safe, reliable bus passenger service. National safety standards for equipment are stringently enforced. STC is also a charter member of the Mission Zero program and works diligently to protect the safety of the staff as they strive to provide the high level of customer service one can expect from the provincial bus company.

STC manages its operations efficiently generating revenues that cover approximately 60 per cent of the corporation's expenses.

I am pleased to present STC's 2015-16 Annual Report.

Honourable Jennifer Campeau
Minister Responsible for Saskatchewan Transportation Company

MESSAGE FROM THE CHAIR

The Saskatchewan Transportation Company (STC) is Saskatchewan's intercity bus company charged with a business mandate to deliver and maintain a baseline transportation service for passenger and freight services to the citizens of the province. The Company provides linkage between people, communities and economies across Saskatchewan and, through its partnerships with other carriers, across Canada. STC ensures that rural citizens have access to essential services in larger centres and that entrepreneurs have the ability to reside throughout the province while maintaining access to products and customers in other communities. Ensuring access to the service goes beyond servicing only high volume corridors. With 253 communities in STC's network, the benefit of the service reaches across this vast province.

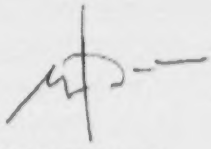
In order to mitigate the cost of providing this provincial linkage, STC has been structured and operates as a Crown corporation, in a business model, strategically applying business principles to revenue and expense management in the delivery of a safe and reliable transportation service. As a result of careful business management, the annual grant STC receives from the province of Saskatchewan reflects only 38 per cent of the cost of providing this invaluable service, a profound success in contrast to the levels of subsidy required to maintain public transportation in other provinces and municipalities.

The economic environment was not without its challenges for STC in its 2015-16 fiscal year. Industry changes across Canada resulted in reduced national service through Saskatchewan that directly impacted STC's passenger and freight volumes. Falling consumer gas prices and a mild winter reduced passenger demand. Notwithstanding, our ridership exceeded 200,000 passengers on a 12-month comparative analysis.

The Company continues to look for opportunities that will provide further efficiencies and simultaneously uphold STC's excellence in serving the customer. An example is the new smaller 16-passenger vehicles that have been selected and will become part of the fleet renewal plan for 2016-17. These smaller vehicles are a cost-effective fleet option that maintains the customer experience. They will be deployed with trailers on low-volume routes and will provide future savings for the Company while maintaining freight capacity.

In the end, we are immensely proud that our passenger satisfaction has remained high at 93 per cent and parcel express customer satisfaction grew to 95 per cent. It is clear that for those using STC, they continue to see the value in this service.

On behalf of the Board, I would like to thank our dedicated staff for their continued commitment to providing excellent, safe and reliable intercity bus service.



Mitchell J. Holash, Q.C.
Chair of the 2015-16 Board of Directors

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

As of March 31, 2016, I am pleased to report that passenger satisfaction results are once again near record highs at 93 per cent. Even more impressive, STC's express freight satisfaction reached its highest level in the history of the organization with over 95 per cent of customers saying our service was good or excellent. STC worked hard to ensure all steps were taken to maintain service excellence while identifying further efficiencies and cost savings.

In 2015-16, STC was successful in meeting its financial targets included in the Balanced Scorecard. STC's cash loss as a percentage of overall expenditures for the 12 months ended December 31, 2015 was only slightly over 38 per cent. This means that STC self-generated revenues to cover 62 per cent of total company expenditures. In the public transportation industry these numbers are very favorable. The primary reason for this success is the breadth of STC's network and the ability for the company to carry freight in a complementary fashion while running the passenger network.

Despite the successes in customer service excellence and the financial objectives, ridership for 2015 was down considerably. There were a number of reasons, including an unusually warm winter in 2015-16, Greyhound Canada schedule changes along Highway 1 that occurred late in 2015 and the unusually low consumer gas prices making travel by private automobile more affordable.

During the year, the refurbishment of the Regina Maintenance Facility was completed. The building received upgrades to all components of the facility which will improve the efficiency of the facility for years to come.

STC remains optimistic about the opportunities ahead. The industry is adopting new technology that is within reach for STC and will provide for significant advances in the way we serve our customers. The technology not only allows for improved online ticketing for all of our service points and fares, but provides opportunities for more flexible pricing models to ensure that our fares are attractive.

The technology also allows for capacity management on routes. This means STC would have the ability to more closely match the supply of seats with the demand from passengers on a corridor by corridor basis. The efficiencies gained from this advancement include the ability to operate smaller coaches on corridors as passenger loads and fleet assignments can be established in advance of the trip departure. STC has long trialed small and medium-sized coaches to operate as efficiently as possible, but fleet assignments must still be sized to accommodate the peak loads on the corridors. Capacity management will provide for further enhancements in this regard.

In closing, I would like to reflect on the STC Team. Our staff are focused on service excellence and the customer survey feedback is impressive to say the least. STC staff served our passenger and freight customers in a manner that produced record high results for the year ended March 31, 2016. They remain committed to proudly serving Saskatchewan as efficiently as possible and I am thankful for their efforts.

Shawn Grice
President and Chief Executive Officer

ACHIEVING STRATEGIC GOALS

STC's strategic goals are focused around four pillars:
CUSTOMER, **FINANCIAL**, **PEOPLE** and **INNOVATION**.

CUSTOMER | PAGE 8

STC is a customer-centric business with a focus on high service standards for both bus passenger and freight services.

FINANCIAL | PAGE 12

STC requires grants to fulfil its public policy role; therefore, financial controls, operational efficiencies and revenue generation are key areas for the organization.

PEOPLE | PAGE 14

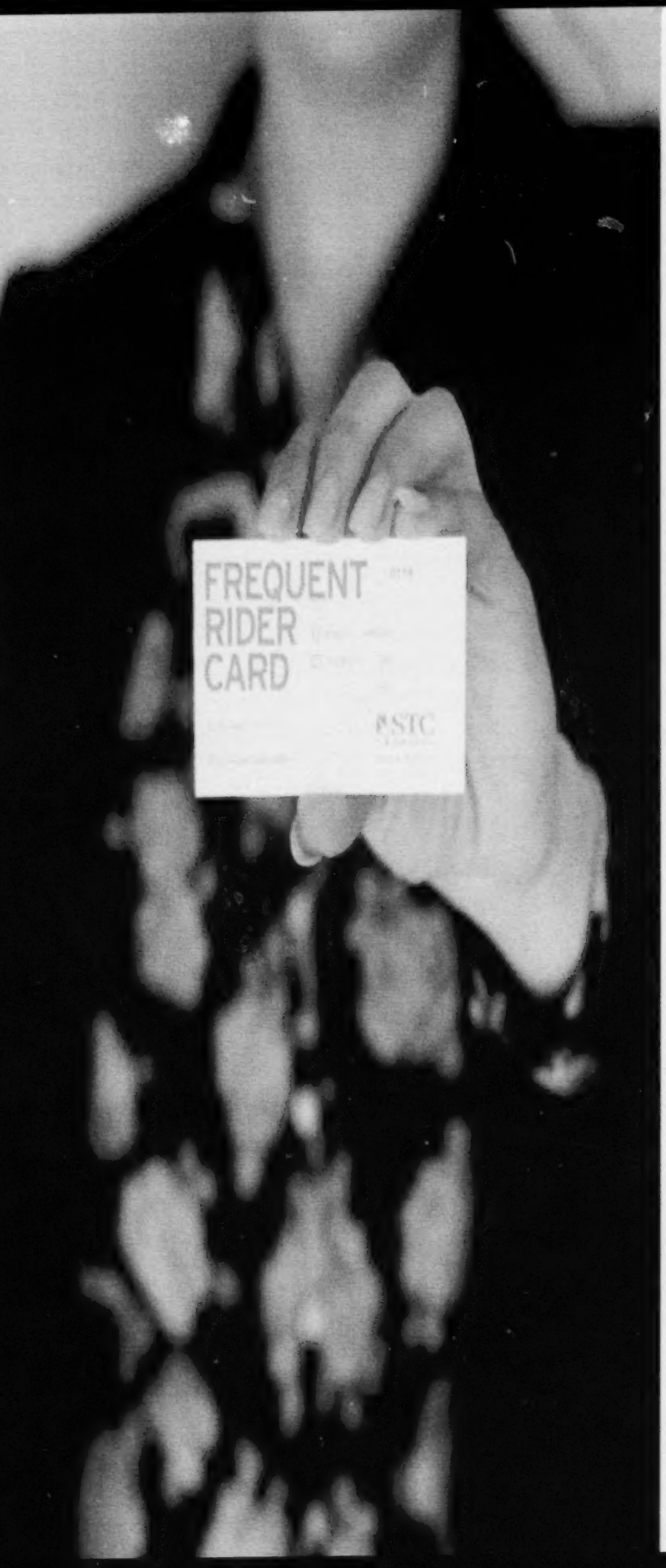
STC's team of professionals work every day towards the achievement of the Company's vision with a focus on customer service and safety.

INNOVATION | PAGE 18

STC is constantly looking at new ways to provide valuable services to passengers and freight customers across Saskatchewan.

CUSTOMER

STC is a customer-focused business with high service standards, achieving a 93 per cent passenger satisfaction rating and a 95 per cent parcel express satisfaction rating.



CUSTOMER SATISFACTION

The Saskatchewan Transportation Company (STC) is committed to the delivery of excellent passenger and freight service to communities throughout Saskatchewan. The annual surveys of current customers revealed confidence in these services, rewarding the Company's dedication with impressive customer satisfaction rates. STC's passenger satisfaction was 93 per cent. Parcel express satisfaction reached an all-time high of 95 per cent with convenience, speed of delivery and price being cited as key attributes of STC's service.

"When shipping a package... there were two customers ahead of me. I could hear the STC clerk was very friendly, polite, and helpful with all of them, as well as myself. He wasn't just processing a transaction. He wanted to provide excellent customer service. I was very impressed."

- Respondent, 2015 Parcel Express Survey

PASSENGER PROMOTIONS

Frequent Rider Cards encourage repeat riders by providing regular adult and student customers with an opportunity to save. The card, which retails for $30, provides the holder with 20 per cent off all tickets purchased throughout a year. Media mentions and social media promotions increased exposure to this offer and 747 cards were sold from January 1, 2015 to March 31, 2016.

"Always enjoy my rides with @STCBus #yqr to #yorkton - I should really purchase a frequent rider pass. It's a full house in here tonight!"

- Twitter Post

Members of Ride Rewards, STC's email loyalty program, received regular emails highlighting STC services. The program allowed the Company to reach out to participants via email in a cost-effective, timely and relevant manner. In addition to regular monthly draws, Ride Rewards members received exclusive access to portions of the *Bus Full of Fun* contest. This cross-promotional contest, featured on both Ride Rewards and Facebook, promoted a variety of provincial

events accessible by bus. STC was able to work with organizations to provide additional promotion to their events while increasing awareness of taking the bus as a valuable transportation option.

Facebook and LinkedIn provided other engagement opportunities for existing and new customers. Posts featuring STC URLs, in addition to the new *Book Now* feature on the Facebook page, focused on pushing traffic to the STC website. Timely information, contests and access to customer service ensured lively interactions on STC's social media channels. LinkedIn provided information on job postings within STC along with information on parcel express and business transportation services. Followers of STC's Facebook page remain constant at over 3,700 likes. Followers on LinkedIn grew in numbers, passing the milestone of 570 followers.

"To the promoters of the STC Summer 2015 Ride Rewards... Thank you for the promotion of such great summer events. We were so pleased to WIN!"

- Ride Rewards member

Park and Ride services in Regina (North Broad Convenience) and Saskatoon (Grasswood Smitty's) continued to make it easier for people to travel between the two cities without having to go downtown to catch the bus. This added convenience is designed to improve the option of bus travel between these communities.

In December, for the second year in a row, Mission Ridge Winter Park in Fort Qu'Appelle and STC partnered to promote the daily stop on STC's regular schedule between Regina and Kamsack. This stop provides snowboarders and skiers with more convenient access to a fantastic winter recreation facility.

AMENITIES

"This was the first time I rode the bus for quite some time. I loved the spacious leg room, the seats were comfortable and the temperature was warm. I would definitely be riding with STC again."

- Facebook Post

STC strives to make passengers' rides comfortable and convenient. STC coaches have been updated with expanded leg room and most have cup holders and 110V power outlets. STC's entire fleet has Wi-Fi availability. Power charging stations and public Wi-Fi service in the Regina, Saskatoon and Prince Albert terminals are popular for riders with personal electronic devices.

ACCESS TO SERVICES

Many of STC's customers indicate that the bus service is an excellent option when travelling for appointments. The convenience of being able to relax and let someone else do the driving is especially important when one is undergoing medical treatments. The cost of travelling for regular physician-prescribed treatments can also be offset with the purchase of a Medical Pass. The Medical Pass provides unlimited travel at a significantly reduced rate, on a specified STC corridor for a period of 30 days.

"In the last [few] months I have been able to get a medical pass - a real bonus, especially for seniors. Thank you very much!"

- Respondent, 2015 Passenger Survey

STC works hard to provide accessible travel throughout the province. Forty-three per cent of STC's fleet is wheelchair accessible. Passengers with varying mobility have the ability to book wheelchair accessible buses 48 hours prior to their travel. In addition, STC's Attendant Program for Visually Impaired or Disabled Persons allows an adult attendant or service animal accompaniment at no additional charge.

"My mother is legally blind so she has taken the bus from Swift Current to Saskatoon many times. She loves it!"

- Respondent, 2015 Passenger Survey

PARCEL EXPRESS SERVICES

STC's parcel express service provides shipping to communities throughout the province. Individuals sending parcels to friends and family and businesses shipping to customers can access cost-effective and timely services often by the next day.

"I send parcels to my children and family throughout the year... the only way I will send things... it arrives in a timely manner and the prices are fair. The guys who work behind the counter are friendly and very knowledgeable. Keep up the good work!"

- Respondent, 2015 Parcel Express Survey

Saskatchewan's economy relies on the strength of local businesses serving their clients. STC acts as a partner to these companies, ensuring products are delivered to their Saskatchewan customers. STC's relationship with Greyhound Canada provides expanded access to destinations across Canada.

"We are a plumbing company and appreciate the fast service that STC provides us for parts required, especially in the winter, to repair our clients heating systems."

- Respondent, 2015 Parcel Express Survey

ENSURING PASSENGER SAFETY

Safety is a key component of STC's mandate to provide safe, affordable and accessible bus passenger and freight services to Saskatchewan. This is achieved through staff training and equipment maintenance.

In 2015, STC celebrated and honoured operators who reached safety milestones in their careers. Many of STC's drivers have over one million miles with a safe driving record. To ensure this honour continues to be achieved, STC Driver Trainers consistently follow the official STC Professional Driver Training program to teach new operators. In addition to driver training, STC operators receive extensive training to guarantee the ongoing safety of passengers. All operators require CPR and first aid certification as part of their training, and recertification is necessary every three years. Furthermore, all buses are equipped with global positioning systems (GPS) and onboard cameras, both inside and out, to help the Company address safety concerns.

"I am particularly impressed with the bus drivers. They are friendly, courteous and helpful."

- Respondent, 2015 Passenger Survey

STC maintains a high standard of maintenance for its fleet and equipment. Mechanics adhere to a checklist of tests and inspections to the engine and body of coaches on every regularly scheduled service. Major repairs, installations and maintenance work take place at the Saskatoon garage while the Regina garage performs more routine maintenance and servicing.

FINANCIAL

STC is serious about the public policy role of the organization and manages the annual grant through financial controls, operational efficiencies and revenue generation.

OPERATIONAL EFFICIENCY

To fulfil its public policy role, STC requires an operating and capital grant from its owner, Crown Investments Corporation of Saskatchewan (CIC). Ensuring the efficient use of these funds drives decisions throughout STC. The Company's financial performance is measured based on its operational efficiency. STC's operating cash loss as a percentage of expenditures was calculated at 41 per cent for the 15-month period ending March 31, 2016. This percentage is an indication of the level in which the Company's operating expenses are covered by its revenues. STC compares favourably to other municipal transit systems in the province that fall between 64 and 72 per cent meaning STC's revenues cover a larger percentage of its operating expenses.

STC provides service to a geographically-dispersed market and the footprint of the network is a key driver of costs. STC travelled just over 3.5 million miles (5.6 million kilometres) and served 253 communities in the 15-month period ending March 31, 2016.

"Every time I've ridden with STC it has been a great experience. The bus is always clean, and the driver always funny and friendly. It's efficient, economical, convenient and much less harmful for the environment. Thank you for the overall great experience!"

- Respondent, 2015 Passenger Survey

FLEET RENEWAL

The purchase of used full-sized motor coaches continues to be part of STC's fleet renewal plan. In late 2014 and early 2015, STC acquired five used 51-passenger coaches; therefore, mitigating the need for a capital grant in 2015. In March 2016, STC placed an order for three new 16-passenger vehicles. These smaller vehicles will provide a level of service and comfort for passengers that rivals the full-sized motor coach while providing efficiency savings for STC. The three small vehicles are expected to be deployed in the fall of 2016.

REVENUE GENERATION

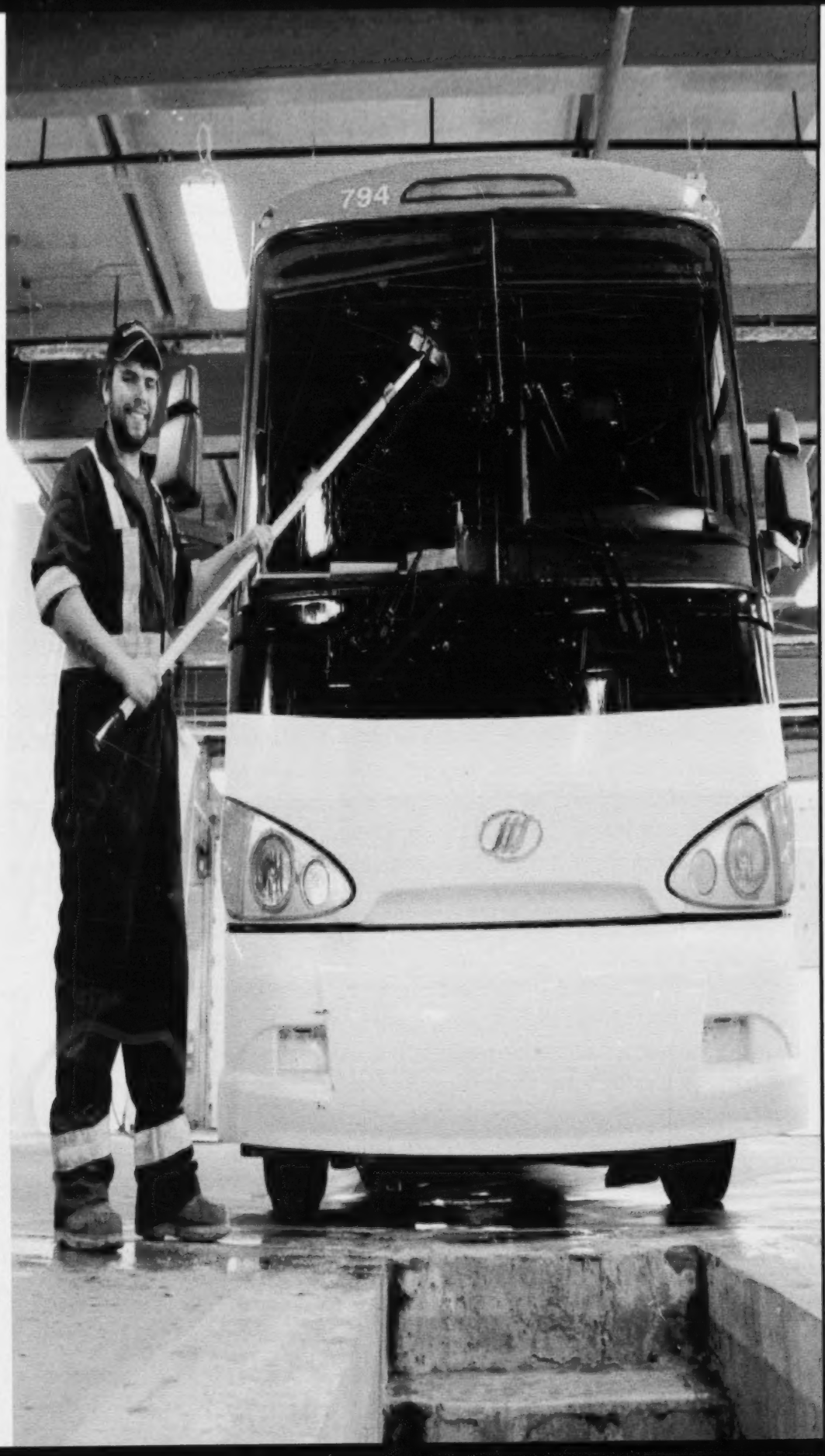
STC generates revenue from various services. Passenger service revenues include passenger fares from scheduled bus service and charter activities. Diversifying revenue beyond passenger services helps STC to contain the annual subsidy. Profits from parcel express help offset the passenger service losses. Foreign coach and leasing company facilities are other contributors that improve STC's profitability.

FINANCIAL CONTROLS

Accurate public financial reporting is very important at STC. As part of the Company's strict internal financial and reporting controls, CEO/CFO Certification requires the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) to certify that controls have been implemented and are operating effectively with no material weaknesses. In place since 2009, this certification process is evidence of the importance of accurate public financial reporting to STC.

Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices* guide STC's approach to corporate governance. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While STC is not a publicly traded company, its practices are benchmarked against these current industry best practices.

PEOPLE



STC's team of professionals is critical to the organization's success and to the attainment of the Company's vision of being the best passenger and freight transportation company in Canada.

EMPLOYEE COMMITMENT

2015-16 continued to be a period of employee engagement. STC uses regular communication tools such as department meetings, the employee intranet site *BusStop*, staff memos and the bi-monthly staff newsletter, *BUSiness News*. These are used to communicate plans, company standards and to keep staff informed.

"I am glad when I can express my gratefulness to STC staff. They are all awesome, right from dispatchers, tickets, security and drivers. Thanks for enabling me to travel to appointments. You are all awesome - your drivers take extra care to ensure my safety and comfort."

- Respondent, 2015 Passenger Survey

Safe Driving and Long Service Awards are presented to drivers and employees to recognize their years of service with the Company. This year, there were five employees recognized for 30 years of service, three employees recognized for 35 years of service and one employee recognized for 40 years of service. This is a true testament of their dedication to the organization and their careers.

In addition, 29 motor coach operators received Safe Driving Awards. The Safe Driver Award provides a means of recognizing outstanding accomplishments and demonstrates better-than average driving performance. To qualify, a driver must drive a minimum of 50,000 miles and be free from preventable accidents in a calendar year.

Two motor coach operators were honoured with One Million Miles Awards. This program showcases extraordinary achievement in professional driving for those who have achieved at least one million miles of incident-free driving.

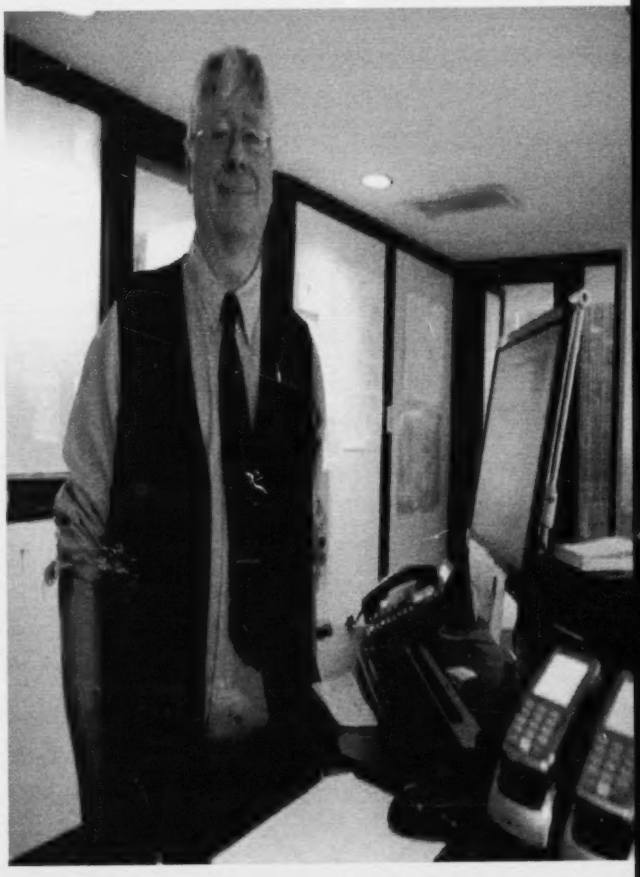
"I enjoy how personal the STC in Prince Albert is. It makes me feel welcome when I take in my packages and they know who I am and often greet me by name. The staff are very helpful and friendly every time I visit. I highly recommend them to others."

- Respondent, 2015 Parcel Express Survey

RECRUITMENT AND RETENTION

STC is proud to have a workforce that is representative of Saskatchewan's general population. As a federally regulated employer, annual reports are submitted to the Canadian Human Rights Commission in compliance with *The Employment Equity Act*. In addition, STC reports, as part of its governance scorecard, the representation of women in executive and senior management positions. As of March 31, 2016, 50 per cent of executive positions and 25 per cent of senior management positions were held by women.

The Gradworks Intern Development Program is used by STC to alleviate some workforce challenges and provide real learning opportunities for recent graduates. Interns can be found in human resources, information technology, operations and communications.



CULTURE OF SAFETY

STC is committed to Mission Zero and continues to build a "Culture of Safety" throughout the organization. A significant emphasis is placed on the organization's Occupational Health and Safety program, including prevention strategies in high-risk occupations. The Company's ongoing investment in improving return-to-work programs and training employees in regulations and safe work procedures continues to pay off. STC measures the success of this area in the Balanced Scorecard through the number of compensable days lost due to injury each year. In 2015, the Company achieved 1.01 per cent which is better than the target of 1.40 per cent. This takes into account the positive work done in the areas of injury prevention and return-to-work initiatives.

STC has an enviable on-road safety record. At STC's request, Saskatchewan Government Insurance (SGI) completed a mock audit on the Company's transport compliance program in 2015. Volunteering for this evaluation emphasizes STC's focus on transport compliance and safety. Feedback from SGI confirmed the Company met its mandate of providing safe, affordable and accessible bus passenger and freight services. STC continues to demonstrate its commitment to transport safety through on-going learning and development opportunities such as providing new motor coach operators with training focused on defensive driving fundamentals and attitudes, and accident prevention. Furthermore, all motor coach operators were required to complete mandatory recertification on pre- and post-trip inspections and hours of service regulations during the year.

EMPLOYEE SATISFACTION

The Company measures employee satisfaction biennially through a voluntary survey. The next survey will take place in 2016. This tool is a valuable resource for STC management to determine the strengths and weaknesses of company-employee relations. Feedback from the surveys help STC determine its yearly human resources plan.

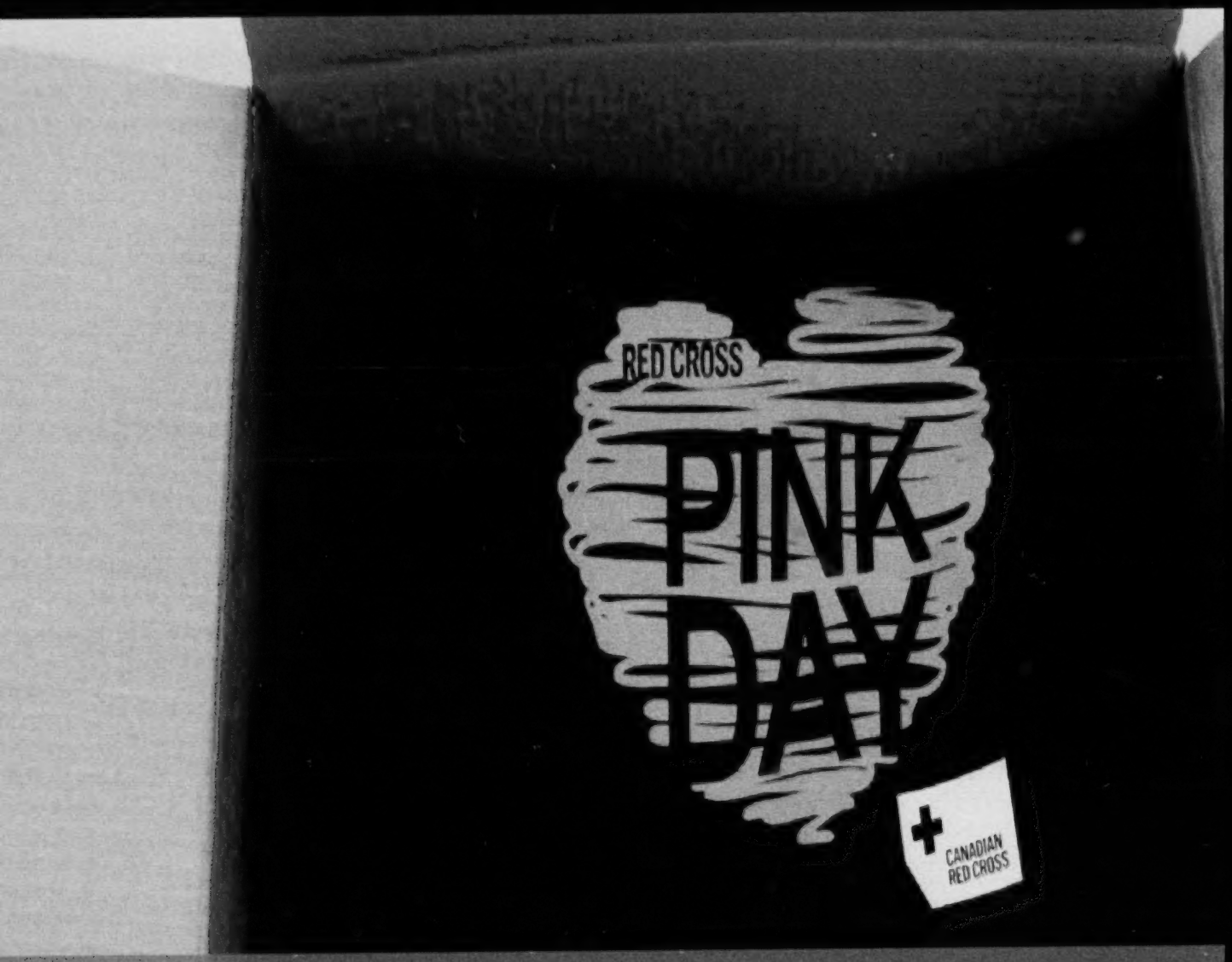
Other tools to keep employees engaged include regular meetings and a bi-monthly internal newsletter. Both keep staff informed about what's going on with the Company and highlight the achievements and work of fellow employees.

COMMUNITY SUPPORT

STC and its employees enjoy giving back to groups and communities across Saskatchewan. On-going work with groups like the Canadian Red Cross, Canadian Diabetes Association, The Arthritis Society and CAA Saskatchewan allow STC to provide transportation and shipping in support of the valuable work done by these organizations. Employees in Regina, Saskatoon and Prince Albert also organized a food drive during the holiday season to support local food banks, donating much needed non-perishable food items.

In June and July, STC participated in Saskatchewan's evacuation effort in response to northern forest fires in partnership with the Provincial Emergency Operations Centre. STC transported evacuees to safe communities such as Cold Lake, Alberta, and military personnel and their equipment from Regina and Moose Jaw to northern Saskatchewan. When the time came to help people return to their homes, STC was there to transport them back to the North.

Photo: STC buses and Regina Police Service vehicles waiting at the evacuation checkpoint

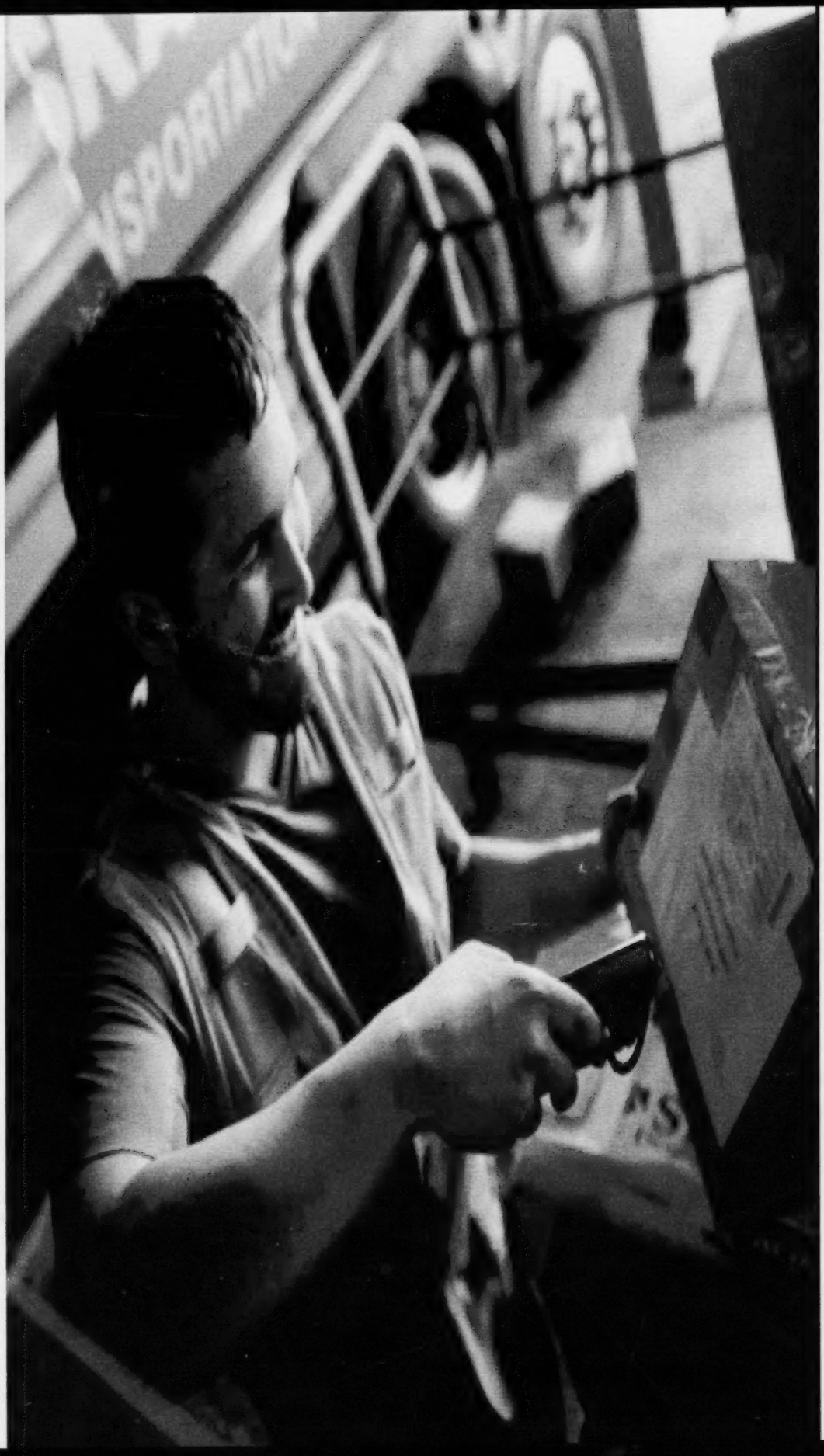


"Our partnership with STC is critical to reaching students not just with t-shirts, but with bullying prevention messages and education during Red Cross Pink Day. STC has literally delivered that message to tens of thousands of students with us over the past five years."

- Canadian Red Cross

INNOVATION

Focusing on efficiencies, STC continually looks for new and innovative ways to provide valuable services to riders and freight customers across Saskatchewan.



REACHING OUT TO THE CUSTOMER

Social media, in particular Facebook, was a cost-effective promotional tool for STC in 2015-16. The ability to reach out to and interact with a broad Saskatchewan audience proved valuable to the Company. Currently sitting at over 3,700 followers, STC takes advantage of the platform to provide customer support, accept feedback on services and engage the public through contests and give-aways.

PARTNERSHIPS

The services provided by STC are, in part, made possible thanks to over 200 partners. Within Saskatchewan, community agencies, interline carriers, contract carriers and pick-up and delivery operators help STC provide seamless passenger and freight services. STC's latest partnership with A.M. Delivery & Courier Services has extended the reach of the freight network and enhanced the service offering in southwest Saskatchewan.

"I love the idea of door-to-door delivery as my addressee has a physical disability. I think the price is very reasonable. It is such a relief that they do not need extra help to claim the parcel at the destination. I would use STC Parcel Express service again in the future. Thank you!"

- Respondent, 2015 Parcel Express Survey

STC customers are also able to travel and ship to destinations across Canada due to the partnership with Greyhound Canada. STC is both a commissioned agent and a strategic partner with Greyhound Canada to provide connections to destinations across Canada for passengers and parcels. STC is the agent for Greyhound Canada in Regina and Saskatoon and has common agencies in Moose Jaw, Swift Current, Yorkton and North Battleford.

"I've used STC and Greyhound since I was a teenager, now I'm over 50 plus. Have always found the bus drivers courteous."

- Respondent, 2015 Passenger Survey

TECHNOLOGY

STC implemented improvements in its communications infrastructure in 2015-16, which reduced overall operating costs of dedicated lines while increasing the overall network security and availability of remote office sites. These changes have combined multiple technologies into a single set of devices and software creating efficiencies and savings going forward.

MEETING FINANCIAL OBJECTIVES

Annual grants allow STC to deliver a valuable public service. The stewardship of these funds is managed through strict financial controls and performance measurement tools.

MANAGEMENT DISCUSSION & ANALYSIS | PAGE 22

Management's view of STC's performance in 2015-16 and prospects for the future are presented.

BALANCED SCORECARD | PAGE 34

Performance is tracked and reported against targets set in each of STC's strategic goals.

FINANCIAL STATEMENTS | PAGE 40

Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited annually.

MANAGEMENT DISCUSSION AND ANALYSIS

During 2015, the Saskatchewan Transportation Company (STC), along with all other Crown corporations, was directed to change its fiscal year end from December 31 to March 31 to coincide with the fiscal year end of the Government of Saskatchewan. As such, this Annual Report reflects that change by including the Company's audited financial statements and accompanying notes for the 15-month period ended March 31, 2016 with comparative financial information for the 12-month period ended December 31, 2014.

The following Management Discussion and Analysis (MD&A) highlights the primary factors that impacted STC operations and financial results for the 15-month period ended March 31, 2016. The MD&A provides management's perspective of the Company for the previous 15 months and should be read in conjunction with the audited financial statements and accompanying notes. The MD&A includes an industry overview and risk assessment, as well as information on financial performance, facilities, future outlook and the Balanced Scorecard.

INDUSTRY OVERVIEW

Provincial Economy

2015 saw the Saskatchewan economy face a number of challenges as the price of oil dropped. Low oil prices impact STC's business as the provincial oil and gas sector is a key market for STC shipping services. Declines in this sector have a direct impact on parcel express revenues. Low consumer fuel prices also have made travel by personal vehicles more affordable and STC fares appear more expensive. This puts downward pressure on ridership numbers and passenger revenues.

Pressures on the provincial economy did have some positive impact on STC. The Company was able to improve recruitment in certain positions in 2015. Previous pressures felt in the recruitment of motor coach operators and other positions were lessened due to the weakened labour market. There was also a positive impact on the Regina Maintenance Facility refurbishment project which was able to be completed $400 thousand under budget.

Western Canadian Industry

STC has the bulk of the intercity bus passenger business in Saskatchewan. Greyhound Canada operates two routes through the province (along the Trans-Canada and Yellowhead Highways). There are also private sector carriers who have interline and other contractual arrangements with STC to serve specific schedules for passenger or freight services.

Greyhound Canada implemented frequency reductions on many of their schedules across Canada. The reductions of service along Highway 1 had the greatest impact on STC. The elimination of evening service heading east and west left southern Saskatchewan with only one morning schedule in either direction. STC passengers now have fewer options for travel outside of Saskatchewan.

In addition to schedule changes, the ongoing impact of dynamic pricing and capacity management have limited Greyhound Canada ticket sales to STC's main terminals (Regina, Saskatoon and Prince Albert) or online. This has reduced the opportunity for interline commissions at STC's other agencies across Saskatchewan.

Factors such as dispersed populations, fluctuating costs and competition with other forms of travel and freight services continue to impact the intercity bus industry.

Population migration projections and income levels for Saskatchewan families remain relatively strong as compared to the rest of Canada. This creates both opportunities and challenges for STC. While many customers use STC out of necessity as they do not have access to other modes of transportation, others are choosing to ride with STC because of the convenience, the environmental benefits, the ability to relax and the access to Wi-Fi.

For segments such as the business traveller, air service may provide an alternate transportation service. STC's new Park and Ride options in Saskatoon and Regina, combined with the ability to remain productive and connected via Wi-Fi access, are designed to compete in this market.

Geographically-Dispersed Population

Saskatchewan has more than 16,000 miles (25,800 kilometres) of provincial highways. Including municipal roads, Saskatchewan's total road surface is approximately 119,000 miles (191,500 kilometres).

STC operated just over 3.5 million miles (5.6 million kilometres) of scheduled bus service and provided connections to 253 communities. Private sector partnerships allow STC to offer seamless bus passenger and parcel express service to additional communities. The network provides many rural citizens an opportunity to access centres of excellence in larger urban communities. Whether these centres focus on education, healthcare or culture, STC is a mode of transportation that brings people together.

Nearly all of STC's routes are low density. Revenues from the higher-volume routes are not able to fully offset the associated losses. Frequency of service is limited on some routes with low passenger numbers allowing STC to contain costs. STC has identified a new 16-passenger small vehicle that will be deployed in 2016 to provide a more cost-effective service on select low-use routes without sacrificing the comfort of passengers or capacity for freight.

Improving Public Perception of Bus Travel

Within the intercity bus market, STC's consistent service and improvements in the on-board experience are Company highlights. STC continues to reinforce security, safety and comfort as brand attributes and seeks to improve public perception of bus travel. For those people using STC services, customer satisfaction remains high at 93 per cent for passengers and 95 per cent for shippers.

In 2015, social media posts reinforced STC's mandate by promoting the safe, affordable and accessible bus passenger service. Though STC customers rate the Company positively as an organization, there remains a negative public perception of bus travel among those who do not use the service. Research completed by STC in 2014 confirmed that taking the bus is simply not considered by most non-riders. The non-users viewed trip length, schedule and price as the key negative points that eliminate bus transportation as a viable option in their travel decisions.

STC customers know the Company provides good, clean and dependable service. They tend to ride the bus multiple times in a year with 76 per cent of passengers using the bus more than two times per year. The challenge is to find cost effective ways to utilize media and other avenues to get this message out to people who have never travelled with STC.

STC Clientele

Based on the semi-annual passenger survey, over 60 per cent of passengers are female. Among older demographics (40 years and older), this ratio is even higher. In 2015, numerous changes in the age distribution of riders were observed. The proportion of clientele that fall into the senior (60+) category increased to the highest it has been in the last five years. At the same time, the percentage of passengers that fall into the youth category decreased to its lowest point in the last five years. The adult categories remained comparable to previous years.

Low income passengers make up over 70 per cent of riders. Although a high percentage of riders in all age categories are low income, a higher percentage of youth and seniors fall into the low income category.

In 2015, the ratio of passengers that come from rural centres increased in comparison to those coming from major urban centres. The change in distribution indicates that ridership from major centres decreased at a greater rate than ridership from rural and small urban centres in 2015.

Parcel express customers fall into two categories: business shippers and personal shippers. Business shippers tend to be long-term account clients with more than half having shipped with STC for over ten years. The majority are casual shippers (five or fewer shipments per month).

The majority of personal shippers reside in major urban centres. They are also casual users with 80 per cent using STC for five or fewer shipments in a year.

For both business and personal shippers, the top three reasons for shipping with STC are convenience, speed of delivery and price.

RISK ASSESSMENT

In an effort to support STC in achieving its goals and objectives, STC identifies, evaluates, prioritizes and manages risks on a continual basis. STC undertakes semi-annual reviews of the enterprise risk management system with the Board of Directors. The risks identified are key considerations in the development of the budgets, both capital and operating, and the annual strategic plan. The top risks identified by the Company are outlined here.

Decrease in Ridership (and the impact on passenger revenues)

The requirement for the annual operating grant is impacted by the Company's ability to generate revenue, mainly through bus passenger and freight services. Passenger revenues are impacted by ridership levels. Ridership levels are impacted by a number of variables including fare levels (especially when compared to the price of consumer fuel), availability of schedules and interconnectivity to destinations outside of Saskatchewan.

STC is investigating upgrades to the current point-of-sale (POS) system that will allow for easier deployment of promotions and sales. When paired with cost-effective social media tools, the new POS system may be able to deliver future campaigns targeted to increasing ridership among key demographics such as senior and youth travellers.

Fleet Age

The condition of STC's fleet is a critical factor in being able to provide high quality, safe and reliable service. An aging fleet would pose significant risk in terms of image and service delivery, both important to encouraging repeat customers. It would also restrict STC from taking on charter business to assist in other revenue generation opportunities. Breakdowns and other service-related failures could negatively impact customer satisfaction and shareholder confidence. The additional pressure on maintenance service resources would limit STC's ability to generate other revenue through foreign coach work.

STC maintains its fleet with regularly scheduled service intervals as determined by the *National Safety Code* to ensure repairs are conducted in a timely manner and to extend the useful life of the fleet. The Company has also ordered three new small 16-passenger vehicles that will be deployed in the next fiscal year. These new vehicles will provide service on low-use routes and allow for the retirement of older coaches.

Recruitment and Retention

STC's ability to provide high quality service to the public is directly attributable to a well-trained, satisfied workforce. STC surveys its workforce biennially to measure staff engagement. Consistent with other employers in Saskatchewan, recruiting and retaining employees in certain key job classifications is impacted by economic conditions.

General recruitment and retention issues in some areas are being addressed as the labour market improves. Efforts in retention and succession planning are ongoing to ensure service and satisfaction levels for customers are maintained.

Compliance with Legislation Including Transportation Regulatory Requirements and Occupational Health and Safety Legislation

STC continues to review key legislation impacting the transportation industry. Processes are reviewed and tested to ensure compliance and quarterly signoffs are used to monitor compliance and mitigate risk. Safety training for staff continued in 2015-16 using both online tools and hands-on sessions as appropriate. The Board is updated quarterly on STC's regulatory compliance to ensure due diligence is completed and transparency is maintained.

In 2015-16, STC began to research options for implementing electronic fleet monitoring. The project will provide a tool that will improve the efficiency of tracking pre- and post-trip inspections.

Lack of Sufficient Growth in Parcel Express Volumes

If parcel express volumes are lower than planned, they could have an impact on the organization's need for a subsidy. STC's non-automated shipping can make it difficult to compete for large accounts. Increasing competition in the parcel business contributes to decreased volumes for STC. In addition, points of service have been lost and frequency reduced due to Greyhound Canada changes in 2011, 2012 and 2015.

STC continues to look for partnerships that can provide convenient options to the business market. Partnerships with third-party freight forwarders allow customers to reach more destinations across Saskatchewan and Canada.

Greyhound Canada Service Changes

Greyhound Canada is STC's largest partner in the delivery of bus passenger and shipping services. Revenues are generated for STC while acting as both an agency of and an interline partner with Greyhound Canada. Service changes by Greyhound Canada, such as the elimination of service to areas across Canada or the change of frequency of service along Highway 1 or Highway 16, directly impact STC's commissions as customers (both passengers and shippers) find the service less convenient. When Greyhound Canada reduces services, both STC's revenue and subsidy may be impacted.

STC management has established strong relationships with both Greyhound Canada and Greyhound Lines, Inc. (United States) to ensure issues and opportunities are addressed in a timely manner.

Technological Obsolescence

The speed of technological change in the bus industry has increased significantly over the past few years. However, manual processes remain common in the bus industry in Saskatchewan. Many agencies continue to process paper passenger tickets and shipping waybills as STC's current POS system is not web-enabled. The current POS system requires access to computer hardware and software licensing which is too expensive for many small agencies. STC is investigating a new POS system that will be web-enabled to capitalize on efficiencies and meet customer expectations.

The industry is also moving towards electronic driver logs and pre- and post-trip inspections. A new electronic fleet monitoring system will be implemented to improve efficiencies and assist with regulatory compliance.

FINANCIAL PERFORMANCE

Introduction

The financial performance of the Company is significantly impacted by its mandate to provide service on the widest practical basis. Because of low population densities, there are insufficient passenger and freight volumes to fully recover all operating costs. Thus, subsidization is required to serve such an extensive network.

In STC's case, financial performance is gauged by whether the Company's costs and subsidy are as low as possible. The quality and magnitude of the services provided is relative to expenditures incurred. Total cash loss as a percentage of total expenses (excluding depreciation) in 2015-16 was 41 per cent (39 per cent in 2014). This compares favorably to ratios for public transit in the urban centres which sit between 64 and 72 per cent.

Operating and Capital Grants

STC operations are subsidized through grants received from CIC, the central overseeing body of Saskatchewan's Crowns. Each year, STC submits its performance measures and grant requirements to CIC for review and approval.

STC received approval for two operating grants, the first for the 12-month period ending December 31, 2015 which was set at $10.30 million. A second grant of $2.95 million was required for the three-month period ending March 31, 2016 due to the change in the fiscal year end of all Saskatchewan Crown corporations.

For 2015, STC did not receive a capital grant. Projects that began in 2014 were completed with the previous year's capital grant. STC's capital requirements in 2015 were fulfilled with cash on hand from previous years' unused capital grants as well as proceeds from the disposition of assets. For the three-month period ending March 31, 2016, STC received a capital grant of $450 thousand. Capital expenditures were primarily allocated to fleet and building investments.

Other Revenue Sources

STC generates other revenue through alternative sources to help offset grant requirements. In 2015, this other revenue totalled $1,078 thousand ($1,115 thousand in 2014) and primarily included:

- maintenance and cleaning service provided to other independent bus lines generating $280 thousand in revenue in 2015 ($487 thousand in 2014);
- leased excess space in terminals and garages totalling $263 thousand in 2015 ($302 thousand in 2014);
- wrapped trailers with advertising and sold advertising on STC property through the use of billboard signs resulting in $38 thousand ($68 thousand in 2014); and,
- an additional $43 thousand from automated banking machines and locker rentals ($51 thousand in 2014).

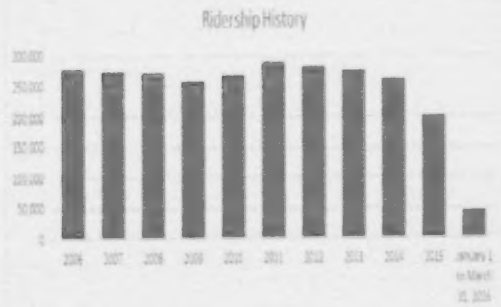
For the three-month period ended March 31, 2016 other revenue totalled $174 thousand, which mainly consisted of maintenance and cleaning services ($48 thousand), leased space at terminals and garages ($73 thousand), advertising ($8 thousand) and automated banking machines and locker rentals ($9 thousand).

STC also operates charter services which is included in passenger revenues. In 2015, charter services provided $173 thousand in revenue compared to $255 thousand in 2014. For the three months ended March 31, 2016 charter revenue was $21 thousand. The operation of charters provides opportunities to better utilize the bus fleet, as most take place on weekends when fewer scheduled trips occur. Requests for charter service that cannot be accommodated by STC are referred to private sector operators. STC maintains strong working relationships with the private sector and provides extra capacity, when possible, to private charter companies when they have failures or excess demand.

Passenger Service

Overall passenger numbers were 200,914 in 2015, a 23 per cent decline compared to 2014. During the three-month period of January 1 to March 31, 2016 passenger numbers were recorded at 43,871.

Ridership losses were attributable in part to the route reductions that Greyhound Canada implemented over the last few years. In addition, the low cost of consumer fuel increased the perceived cost of bus fares. Finally, mild winter weather also placed downward pressure on ridership.



The table below offers a snapshot comparison of passenger service financial results from 2015-16.

	15-month period ended March 31, 2016	3-month period ended March 31, 2016	12-month period ended December 31, 2015	12-month period ended December 31, 2014
Passenger Service Loss Per Mile (Revenue - Cost = Loss/Mile)	$2.97/mile ($2.34-$5.31)	$3.59/mile ($2.07-$5.66)	$2.81/mile ($2.42-$5.23)	$2.96/mile ($2.61-$5.57)
Passenger Service Revenue	$8,352,000	$1,461,000	$6,891,000	$7,684,000
Passenger Service Operating Expense	$18,923,000	$3,997,000	$14,926,000	$16,399,000

Parcel Express Service

STC route schedules and frequency are designed to optimize services for the passenger side of the business. The Company, however, has unique strengths with respect to its parcel express service. STC provides service on weekends for a number of schedules, as does Greyhound Canada on routes it serves.

Another strength of STC's freight business is its reach. The breadth of its network is unparalleled by other couriers in Saskatchewan. Valuable packages containing water samples, blood supplies and agricultural equipment help drive Saskatchewan's rural economy.

STC has programs in place for volume shippers. The Company has a large number of corporate customers who do business with STC through charge accounts or a pre-sold waybill program.

Parcel express service tends to be somewhat seasonal for STC, with increased freight activity generally occurring during farm seeding, harvest, construction season, drilling season and the winter holiday season.

Profits from STC's parcel express service help contain its subsidy requirement. The Company experienced a six per cent decline in revenue for 2015 compared to 2014. Despite the revenue decline, the Company's parcel express profits were consistent with 2014.

Express revenue for the three months ended March 31, 2016 was $1,519 thousand. This resulted in parcel express profits of $153 thousand.

A comparison of parcel express revenues, expenses and profits are provided in the table below:

	15-month period ended March 31, 2016	3-month period ended March 31, 2016	12-month period ended December 31, 2015	12-month period ended December 31, 2014
Parcel Express Revenues	$8,826,000	$1,519,000	$7,307,000	$7,755,000
Parcel Express Expenses	$7,105,000	$1,366,000	$5,739,000	$6,177,000
Parcel Express Profits	$1,721,000	$153,000	$1,568,000	$1,578,000

Bus Maintenance Services

STC provides maintenance and cleaning services for other bus companies, providing revenue streams of $280 thousand for 2015, compared to $487 thousand for 2014. Expenses associated with such work were $153 thousand in 2015 compared to $281 thousand in 2014. The decreased revenue was largely due to lower fuel prices in 2015 and a reduction in fuel sale volumes that STC sells as part of its maintenance services. However, the profit margin in 2015 compared favourably to the prior year at 45 per cent versus 42 per cent in 2014. From January 1, 2016 to March 31, 2016 revenue from bus maintenance services was $48 thousand and the related expenses were $27 thousand.

Maintenance service expenditures for STC coaches and fleet were $3,951 thousand in 2015, compared to $3,982 thousand in 2014. This decline is primarily due to reduced overhead costs at the Regina and Saskatoon maintenance facilities and savings in snow removal and heating costs due to the mild winter weather. Maintenance service expenditures were $1,091 thousand for the three-month period ended March 31, 2016.

Property and Equipment

Total capital spending for the period was $3,188 thousand ($3,400 thousand in 2014). This total includes a previously approved and funded capital project involving the restoration of the Regina Maintenance Facility. Capital spending on this refurbishment project was $2,401 thousand in 2015 ($383 thousand in 2014).

For the three-month period ending March 31, 2016, total capital spending was $633 thousand with $489 thousand related to the completion of the Regina Maintenance Facility refurbishment project.

In addition to the Regina Maintenance Facility project, the allocation of the capital investment for the 15-month period ending March 31, 2016 was directed to fleet renewal ($605 thousand), other equipment ($78 thousand), corporate systems and technology ($131 thousand) and facilities ($117 thousand).

FACILITIES

STC owns and operates passenger and freight terminals in Regina, Saskatoon and Prince Albert and maintenance facilities in Regina and Saskatoon. The Company also owns a passenger and freight terminal in Moose Jaw and contracts the operation of the facility to an agent.

STC Facilities	Age (years)
Moose Jaw* Passenger and Parcel Express Terminal	20
Prince Albert Passenger and Parcel Express Terminal	21
Regina	
Passenger and Parcel Express Terminal	7
Maintenance Facility	67
Saskatoon	
Passenger Terminal	41
Parcel Express Building	38
Maintenance Facility	33

*STC owns but does not operate the property.

Prince Albert

The Prince Albert Terminal provides services for both passengers and parcel express customers. No building improvements were required in 2015.

Regina

The Regina Maintenance Facility remained a focus for STC in 2015-16. An engineer's inspection of the Regina Maintenance Facility revealed structural weaknesses in 2012. A plan for a long-term solution was developed and STC received approval for a $3,820 thousand capital grant in 2013. Construction was substantially completed in December 2015 and the project is expected to come in under budget by approximately $400 thousand. In addition to correcting structural issues of the building, this project included the replacement of electrical, heating, ventilation systems, lighting upgrades, and the installation of air quality detection systems.

Separate from the building refurbishment, STC completed upgrades to the underground fuel tank. This included replacing underground piping, upgrading the area with new sump containment basins and installing an electronic monitoring system. In addition, a new waste oil management system was installed.

The main facility in Regina houses passenger services, parcel express services and the head office of STC. No building improvements were required in 2015.

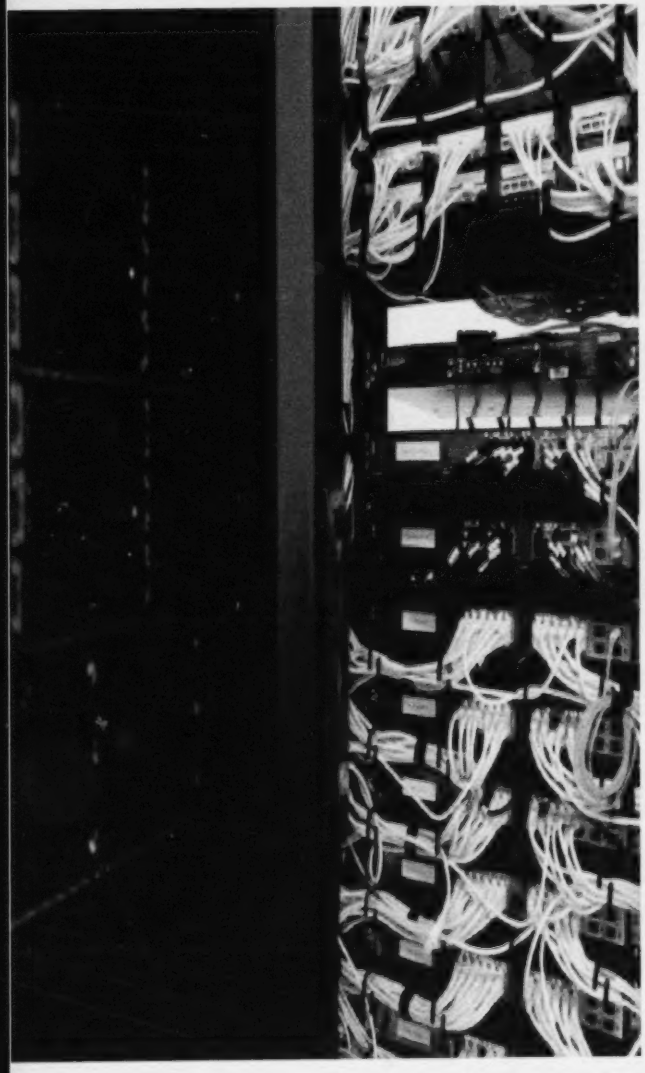
Saskatoon

The Saskatoon Terminal buildings house passenger and parcel express services. In 2015-16, improvements included upgrading a fire alarm panel, replacing security cameras and a bus lane gate control panel.

Major repairs, installations and maintenance work on STC's fleet takes place at the Saskatoon Maintenance Facility, with the Regina Maintenance Facility performing primarily routine maintenance and servicing.

Corporate Systems and Technology

STC oversees technology systems used in the delivery of both passenger and freight services. These systems are found at STC's terminals and larger agencies throughout the province. They are also supplied to high volume shippers to provide a convenient link to STC's network. STC implemented improvements in its communications infrastructure in 2015-16, which reduced overall operating costs of dedicated lines while increasing the overall network security and availability of remote office sites.



Fleet and Equipment

STC's coaches range in size from 22 to 51 seats. In 2015-16, STC operated a total of 42 coaches and 25 freight trailers. STC's fleet is 43 per cent wheelchair-accessible.

In January 2015, STC took possession of one used full-sized coach ordered in 2014. A used 26-passenger coach was acquired late in 2015. In February 2016, three 16-passenger vehicles were ordered and have an expected delivery of September 2016. The ability to expand the number of small vehicles in the fleet would be enhanced by the implementation of a new POS system that provides capacity management tools.

All coaches in STC's fleet have global positioning systems (GPS) and surveillance capability, 69 per cent have 110V power outlets for passenger use and 100 per cent are Wi-Fi capable.

In addition, the Company is moving towards electronic logs to improve the efficiency of the Company's compliance program. In 2015-16, STC completed research on options and selected a vendor that will provide the tool to meet these requirements. The Company expects to implement electronic fleet monitoring and electronic logs in 2016-17.

EMPLOYEES

Employment Equity

STC is committed to ensuring that its workplace reflects the diversity found in the people in the Province of Saskatchewan. Managing diversity successfully means creating an environment that values and uses the contributions of people with different backgrounds, ethnicity, experiences and perspectives. STC believes that when given the opportunity, diversity candidates can truly enhance the workplace.

As a federally regulated employer, STC's commitment to diversity is monitored annually by the Canadian Human Rights Commission (CHRC) on behalf of Department of Employment and Social Development Canada (ESDC). STC continued efforts to increase the representation of all diversity groups in the workplace. As of

March 31, 2016, STC reported 12 per cent representation of Aboriginal peoples, five per cent representation of persons with disabilities, nine per cent representation of members of visible minorities and 28 per cent of women. STC reported on the representation of women in executive and senior management positions with 50 per cent and 25 per cent representation respectively.

The hiring of women in non-traditional areas and persons with disabilities continues to be a challenge in comparison to other designated groups due to the physically demanding nature of the majority of our front-line positions and shift work requirements.

SHAREHOLDER ENGAGEMENT

STC works to maintain a strong relationship with its shareholder. Committed to supporting the principles of timeliness, openness and transparency, STC fully complies with its statutory obligations for approval and disclosure of information. These responsibilities include:

- Annual approval of the Corporation's performance management plan, including capital expenditures through its holding company, Crown Investments Corporation of Saskatchewan (CIC);
- Annual disclosure of all payments of over $50,000 to employees and suppliers; and,
- Compliance with public requests for information, balancing the interests of *The Freedom of Information and Protection of Privacy Act*.

FUTURE OUTLOOK

STC is pursuing collaborations within government and innovations in technology and fleet that may identify further opportunities for efficiencies within the organization. These opportunities and tools are necessary for the Company to pursue future revenues and build capacity within the organization.

Managing the investment in fleet, technology, people and facilities will support strategic goals of increasing revenues while maintaining high customer satisfaction ratings for both passengers and shippers. The Company will continue private sector partnerships with agents and interline carriers to strengthen STC's customer service network in Saskatchewan. Other agreements will be leveraged with sponsors and business partners to increase STC's visibility within the community and foster a positive reputation of safe, affordable and accessible bus passenger and freight service.

Although the public transportation industry in North America will continue to require government subsidies to ensure service levels are available beyond limited high traffic corridors, STC will continue to pursue efficiencies throughout its business. By leveraging the breadth of the network and offering freight services, STC is able to self-fund roughly 60 per cent of its operations. By comparison, municipal transit self-funds approximately 30 to 40 per cent. The grant funding received by STC is required to ensure strategic investment occurs in new opportunities and tools. These tools will have a positive impact on the Company's financial situation and position STC to further increase the efficiency of the service delivery model for both bus passenger and freight services.

2015 - 16 BALANCED SCORECARD

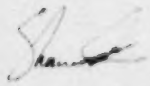
MANAGEMENT'S RESPONSIBILITY FOR REPORTING ON PERFORMANCE

Management has presented its performance information in the Balanced Scorecard.

The information is, to the best of our ability, reliable (that is, reasonably free of errors or omissions and represents what it claims), consistent (that is, prepared using consistent policies and methods, explains significant variances and reports results against previously approved targets), and understandable. To provide a better understanding of the information, management has defined the terms and calculations and has disclosed limitations.

Management has the primary responsibility for the integrity and objectivity of the performance information reported in the Balanced Scorecard. To fulfil this responsibility, the Company maintains appropriate systems of internal controls and procedures. These systems provide reasonable assurance that information presented is reliable and consistent.

On behalf of the Company, on March 31, 2016,



Shawn Grice, President and Chief Executive Officer

Scorecard Discussion

STC's Balanced Scorecard (BSC) holds the Company accountable to the public. It contains objectives, measures and targets which were created based on the strategic direction provided by STC's Board of Directors, as well as the overall strategic direction of Crown Investments Corporation of Saskatchewan (CIC). Measures continue to evolve to improve alignment with the Company's strategic plan, demonstrate STC's contribution to the priorities of the Crown sector and improve clarity in the reporting of the results.

- Customer satisfaction remained very high for passenger services at 93 per cent and reached an all-time high for parcel express with a final result of 95 per cent.

- While STC requires grants from CIC to fulfil its public policy role, it measures its financial success by setting efficiency targets and by implementing expenditure controls to meet those targets. Key financial measures met 2015-16 targets as cost reductions and savings overcame lower revenues and lower ridership.

- Overall ridership declined. For the 15-month period ending March 31, 2016, ridership was 23 per cent below the previous period.

- STC owns and operates 42 coaches, 43 per cent of which are equipped for wheelchair accessibility.

- Employee satisfaction is measured biennially with the next report taking place in 2016-17. However, STC works to continuously improve communication across all levels within the organization.

- STC sought efficiencies and cost savings in regard to how employees receive training with a focus on online and webinar-style courses. Mandatory and safety training remained a priority.

- STC continued to focus significant efforts on health and safety, including improvements in reporting and investigation processes, training and the development of safe work procedures and injury prevention strategies. A new measure was implemented tracking the number of days lost due to compensable injury. This allowed the Company to focus both on injury prevention, but also on return to work activities.

CUSTOMER

WE MEET THE NEEDS OF OUR CUSTOMERS

Objective		Measures	2014 Actual (12-month)	2015 Target (12-month)	2015 Actual (12-month)	2015-16 Actual (15-month)	2016-17 Target (12-month)
Passengers are satisfied with the service they receive	M1	Passenger survey satisfaction rating	93.6%	85.0%	93.2%	93.2%	93.0%
Routes serve a significant portion of Saskatchewan	M2	Number of communities served	253	253	253	253	253
A portion of our passenger bus fleet is equipped for wheelchair accessibility	M3	Percentage of fleet that is wheelchair-accessible	35%	41%	43%	43%	-
Parcel express customers are satisfied with the service they receive	M4	Parcel express survey satisfaction rating	92.3%	85.0%	94.6%	94.6%	94.0%

FINANCIAL

WE ARE A FISCALLY RESPONSIBLE AND ACCOUNTABLE CORPORATION

Objective		Measures	2014 Actual (12-month)	2015 Target (12-month)	2015 Actual (12-month)	2015-16 Actual (15-month)	2016-17 Target (12-month)
Cash loss is as low as possible	M5	Operating cash loss as a percentage of overall expenditures	38.80%	38.46%	38.18%	41.01%	44.57%
Operating costs are as low as possible	M6	Passenger services loss per mile	($2.96)	($2.77)	($2.81)	($2.97)	($3.25)

Explanation of Measurement Terms

WE MEET THE NEEDS OF OUR CUSTOMERS

M1 Passenger Survey Satisfaction Rating is the overall satisfaction level of our passengers (bus-riding customers). This information is obtained through a semi-annual, voluntary, passenger sample survey. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

M2 Number Of Communities Served is all communities within Saskatchewan with at least one of the following: a flag-stop, scheduled passenger service and/or freight-only service.

M3 Percentage Of Fleet That Is Wheelchair-Accessible includes the percentage of total motor coaches owned by STC that have built-in chair lifts. The achieved target for 2015-16 of 43 per cent provides STC with sufficient capacity to meet the existing demand. As such, while this will remain an area of importance for STC, it will no longer be measured in the Balanced Scorecard.

M4 Parcel Express Survey Satisfaction Rating is the overall satisfaction level of our shipping customers. This information is obtained through survey information that is gathered voluntarily from customers. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

WE ARE A FISCALLY RESPONSIBLE AND ACCOUNTABLE CORPORATION

M5 Operating Cash Loss As A Percentage Of Overall Expenditures is kept as low as possible. The percentage is calculated as the operating cash loss (excluding gain/loss on disposal of assets, depreciation and grants) divided by the total expenses (excluding depreciation) for the year.

M6 Passenger Services Loss Per Mile is the difference between the passenger expense and revenue per mile. Revenue per mile is calculated as total passenger revenues divided by the total scheduled miles and service miles. Passenger expense per mile is calculated as the total passenger expenses divided by the total scheduled miles and service miles.

PEOPLE

WE ARE A HIGH-QUALITY EMPLOYER

Objective		Measures	2014 Actual (12-month)	2015 Target (12-month)	2015 Actual (12-month)	2015-16 Actual (15-month)	2016-17 Target (12-month)
STC is an employer of choice in Saskatchewan	M7	Employee satisfaction survey rating	69%	Non-reporting	Non-reporting	Non-reporting	60%
STC promotes safety and career enhancement training for our employees	M8	Number of safety, technical and professional development training opportunities attended	330	200	136	201	180
STC provides a safe work environment	M9	Percentage of days lost due to compensable injuries	N/A	1.40%	1.01%	0.87%	1.40%

INNOVATION

WE ARE IMPROVING AND INNOVATING

Objective		Measures	2014 Actual (12-month)	2015 Target (12-month)	2015 Actual (12-month)	2015-16 Actual (15-month)	2016-17 Target (12-month)
Grow our business operations with other private entities	M10	Total agreements and partnerships	204	206	202	202	202
Build our customer base and promote the Corporation	M11	Percentage growth in passenger numbers	-5.3%	-16.0%	-23.2%	-22.6%	-2.0%

Explanation of Measurement Terms

WE ARE A HIGH-QUALITY EMPLOYER

M7 Employee Satisfaction Survey Ratings is obtained from a comprehensive employee survey. The survey measures the overall satisfaction of STC employees. The survey is conducted biennially and responses are voluntary. The next survey will take place in 2016-17.

M8 Number Of Safety, Technical And Professional Development Training Opportunities Attended in the workplace represents the total number of times employees have participated in either an in-house or externally delivered seminar, training session, webinar or workshop during the year.

M9 Percentage of Days Lost Due to Compensable Injuries reflects the work that STC does to improve safety throughout the organization and the steps taken to lower the risk of occurrence and the length of absence due to injury. It is calculated by dividing the total number of days lost due to injury by the total working days.

WE ARE IMPROVING AND INNOVATING

M10 The Number Of Total Agreements And Partnerships with private sector entities includes the total number of operating STC agents, interline carriers, contract carriers and pick-up and delivery service operators. It also includes other partnerships and agreements that meet specified criteria to be included in the reported results.

M11 Percentage Growth In Passenger Numbers is the percentage growth in ridership on scheduled routes year-over-year.

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared the financial statements of the Company in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Company prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Company.

MNP LLP, the Company's external auditors, have examined the financial statements, and their report follows.

The Board of Directors of Saskatchewan Transportation Company has examined and approved the statements.

On behalf of the Company,

Shawn Grice
President and Chief Executive Officer

Michelle Maystrowich
Acting Chief Financial Officer

June 1, 2016

ANNUAL STATEMENT OF MANAGEMENT RESPONSIBILITY

I, Shawn Grice, the President and Chief Executive Officer of the Saskatchewan Transportation Company, and I, Michelle Maystrowich, the Acting Chief Financial Officer of the Saskatchewan Transportation Company, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Transportation Company. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2016.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Saskatchewan Transportation Company do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That the Saskatchewan Transportation Company is responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and the Saskatchewan Transportation Company has designed internal controls over financial reporting that are appropriate to the circumstances of the Saskatchewan Transportation Company.

d. That the Saskatchewan Transportation Company conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, the Saskatchewan Transportation Company can provide reasonable assurance that internal controls over financial reporting as of March 31, 2016 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Shawn Grice
President and Chief Executive Officer

Michelle Maystrowich
Acting Chief Financial Officer

June 1, 2016

INDEPENDENT AUDITORS' REPORT

Members of the Legislative Assembly of Saskatchewan:

We have audited the statement of financial position of Saskatchewan Transportation Company as at March 31, 2016 and the statements of comprehensive income, changes in equity, and cash flows for the 15-month period ended March 31, 2016, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Transportation Company as at March 31, 2016 and its financial performance and its cash flows for the 15-month period ended March 31, 2016 in accordance with International Financial Reporting Standards.

MNP LLP

Chartered Professional Accountants

Regina, Saskatchewan
June 1, 2016

STATEMENT OF FINANCIAL POSITION | As at

	March 31, 2016	December 31, 2014
	(In Thousands)	
Assets		
Current		
Cash	$ 2,051	$ 1,855
Accounts receivable (note 5)	806	1,311
Inventories (note 7)	351	325
Prepaid expenses	468	534
Assets held for sale (note 8)	4	6
	3,680	4,031
Non-current		
Property and equipment (note 10)	35,946	36,070
	$ 39,626	$ 40,101
Liabilities and Province's Equity		
Liabilities		
Current		
Trade and other payables	$ 2,549	$ 3,039
Non-current		
Deferred capital grant (note 12)	30,233	30,469
	32,782	33,508
Province of Saskatchewan's Equity		
Contributed surplus	465	465
Retained earnings	6,379	6,128
	6,844	6,593
	$ 39,626	**$ 40,101**

See accompanying notes

Approved by the Board on June 1, 2016

Mitchell J. Holash, Q.C.
Director

Mervin Schneider
Director

STATEMENT OF COMPREHENSIVE INCOME (LOSS) | For the period ended

	March 31, 2016 (15 months)	December 31, 2014 (12 months)
	(in Thousands)	
Revenue		
Express services	$ 8,826	$ 7,755
Passenger services	8,352	7,684
Other	1,252	1,115
Gain on disposal of property and equipment	79	17
	18,509	16,571
Expenses		
Operating costs other than those listed below	11,462	10,956
Salaries, wages and short-term employee benefits	19,779	16,091
Depreciation (note 10)	3,923	3,115
	35,164	30,162
Loss before the folowing	(16,655)	(13,591)
Operating grant (note 13)	13,250	10,300
Capital grant (note 12)	3,656	2,873
Total comprehensive income (loss)	**$ 251**	**$ (418)**

See accompanying notes

STATEMENT OF CHANGES IN EQUITY

	Attributable to the Province of Saskatchewan		
	Retained Earnings	Contributed Surplus	Total Equity
		(in Thousands)	
Balance at December 31, 2013	$ 6,546	$ 465	$ 7,011
Total comprehensive loss	(418)	-	(418)
Balance at December 31, 2014	6,128	465	6,593
Balance at December 31, 2014	**6,128**	**465**	**6,593**
Total comprehensive income	**251**	**-**	**251**
Balance at March 31, 2016	**$ 6,379**	**$ 465**	**$ 6,844**

See accompanying notes

STATEMENT OF CASH FLOWS | For the period ended

	March 31, 2016 (15 months)	December 31, 2014 (12 months)
	(in Thousands)	
Operating Activities		
Total comprehensive income (loss)	$ 251	$ (418)
Items not involving cash:		
Depreciation (note 10)	3,923	3,175
Gain on disposal of property and equipment	(79)	(17)
Recognition of capital grant (note 12)	(3,656)	(2,873)
Net change in non-cash working capital (note 15)	55	48
Cash provided by (used in) operating activities	494	(145)
Investing Activities		
Additions to property and equipment (note 10)	(3,821)	(3,426)
Proceeds on disposal of property and equipment	103	34
Cash used in investing activities	(3,718)	(3,392)
Financing Activities		
Capital grant received (note 12)	3,420	3,750
Cash provided by financing activities	3,420	3,750
Increase in cash	196	213
Cash, beginning of the period	1,855	1,642
Cash, end of the period	**$ 2,051**	**$ 1,855**

See accompanying notes

1. STATUS OF THE COMPANY

The Saskatchewan Transportation Company ['STC' or the 'Company'] was originally established in 1946 by Order in Council #168 to act as a common carrier providing passenger service transportation, parcel express and freight services. STC's powers, duties and conditions were affirmed in 1993 by Order in Council #5. STC is continued under *The Crown Corporations Act, 1993*. STC is a corporation domiciled in Canada. The address of the Company's registered office and principal place of business is 1717 Saskatchewan Drive, Regina, SK S4P 2E2.

The financial results of STC are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan [CIC].

STC is a Provincial Crown corporation and therefore not subject to Federal or Provincial income taxes in Canada.

STC's passenger rates are subject to rate regulation by the Motor Carrier Committee of the Saskatchewan Highway Traffic Board, which is a related party. The Motor Carrier Committee reviews applications for operating authority certificates under the *Traffic Safety Act*, and fixes rates and conditions of carriage for holders of these certificates or licenses of authority. STC holds operating authority on the routes it operates, but must seek approval for passenger rate changes from the Motor Carrier Committee.

2. OPERATIONS AND FINANCING

As a matter of public policy, STC will continue to provide bus passenger and express service to the communities of Saskatchewan. The Company will ensure that its commitment to servicing the province of Saskatchewan is kept uppermost in all of its planning. As a result of the public policy rationale for the operation of certain non-commercial routes, STC continues to be dependent upon CIC for its funding.

By way of Orders in Council #83/2015 and #605/2015 STC was authorized to obtain grant funding up to $13,700 thousand (December 31, 2014 - $13,600 thousand, Order in Council #3/2014) for operating and capital requirements. During the period, STC requested and received $13,700 thousand of the $13,700 thousand authorized (December 31, 2014 - $13,600 thousand of the $13,600 thousand authorized).

By way of Order in Council #647/2013 STC was authorized to obtain grant funding up to $3,820 thousand for structural and mechanical renovations to the Regina Maintenance Facility. During the period, STC requested and received $2,970 thousand (December 31, 2014 - $450 thousand) of the grant funding related to this project.

3. BASIS OF PREPARATION

a. Statement of compliance

The period-end financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

b. Change in fiscal year end

Pursuant to Order in Council #568/2015 dated December 17, 2015, the fiscal year end of STC was fixed at March 31 from its previous fiscal year end of December 31 effective for the period ended March 31, 2016. This change in fiscal year end was adopted and approved by the STC Board of Directors on January 6, 2016. Accordingly, the March 31, 2016 financial statements present a 15-month period from January 1, 2015 to March 31, 2016 with comparative information provided for the 12-month period from January 1, 2014 to December 31, 2014.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis.

d. Functional and presentation currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

e. Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Depreciation is based on the estimated useful lives of property and equipment. Tangible assets are reviewed for impairment annually using estimates of recoverable amounts to determine if there is an impairment loss. The accrual for compensated absences is based on a three year rolling average of historical usage.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Changes in accounting policies during the period
Effective January 1, 2015, the Company adopted the following amended IFRS:

- IFRS 1, *Financial Instruments: Disclosures* - amendments to *Mandatory Effective Date and Transition Disclosures* - effective January 1, 2015

This standard change had no effect on the financial statements of STC.

b. Cash
Cash is measured at fair value, which approximates cost.

c. Inventories
Inventories of vehicle parts and supplies are stated at the lower of cost and net realizable value and are costed using the first-in, first-out (FIFO) method.

d. Property and equipment
Property and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in total comprehensive income as incurred.

When property and equipment are disposed of or retired, the related costs and accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are reflected in the statement of comprehensive income for the period.

e. Non-financial assets held for sale

Non-financial assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-financial assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

f. Operating grant revenue

Operating grants from CIC are recognized as revenue when received.

g. Capital grant revenue

Capital grants related to depreciable property and equipment are deferred as received and are recognized as revenue over the life of the related asset. The Company recognizes a portion of the capital grant as revenue each period equivalent to the amount of depreciation recognized on the assets acquired with the grant funds.

Capital grants related to the acquisition of land and related costs are recognized as a direct increase in retained earnings.

h. Depreciation of property and equipment

Depreciation is recorded on buildings, vehicles and equipment on the straight-line basis over the estimated productive life of each asset. Depreciation commences when the property and equipment is ready for its intended use. The estimated useful life of property and equipment is based on manufacturer's guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives are reviewed annually and any changes are applied prospectively.

The estimated useful lives of the major classes of property and equipment are as follows:

Buildings	10 - 50 years
Vehicles	5 - 15 years
Other equipment	3 - 10 years

i. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

j. Revenue recognition

Passenger and express service revenue is generally recognized upon the completion of service. Interline passenger and express services are treated as being complete when the passenger or parcel is turned over to the connecting carrier.

Other revenues, including charter, space leasing, bus advertising, vending and maintenance, are recognized when earned.

k. Employee benefits

The Company participates in a defined contribution plan. STC's contributions to the defined contribution plan are expensed during the period in which the related services are rendered by employees. The Company's financial obligation is limited to making regular payments to match the amounts contributed by the employees for current services.

l. Financial instruments

The Company classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss, held-to-maturity, loans and receivables and other liabilities.

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Transaction costs are included in the initial carrying amount of financial instruments except for financial assets classified as fair value through profit and loss, in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments classified as fair value through profit or loss are subsequently measured at fair value, with changes in fair value recognized in the statement of comprehensive income. Financial instruments classified as loans and receivables and other liabilities are subsequently measured at fair value less any allowances and impairments.

m. Impairment of accounts receivable

A provision for impairment is made and an impairment loss is recognized in the statement of comprehensive income when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the accounts receivable. The carrying amount of the receivable is reduced through use of an allowance account. Impaired amounts are written off against the allowance account when they are assessed as uncollectible.

n. Compensated absences

The Company recognizes an accrual to the extent that compensated absences for individuals in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

o. New standards and interpretations not yet adopted

The following new standards, and amendments to standards and interpretations, are not yet effective for the period and have not been applied in preparing these financial statements:

- IFRS 7, *Financial Instruments: Disclosures* - Annual Improvements to IFRSs 2012-2014 Cycle - effective January 1, 2016
- IFRS 9, *Financial Instruments* - effective January 1, 2018
- IFRS 15, *Revenue from Contracts with Customers* - effective January 1, 2018
- IAS 1, *Presentation of Financial Statements* - amendments to Disclosure Initiative - effective January 1, 2016
- IAS 7, *Statement of Cash Flows* - amendments to Disclosure Initiative - effective January 1, 2017

- IAS 16, *Property, Plant and Equipment* - amendments to Clarification of Acceptable Methods of Depreciation and Amortization - effective January 1, 2016
- IAS 38, *Intangible Assets* - amendments to Clarification of Acceptable Methods of Depreciation and Amortization - effective January 1, 2016

The extent of the impact on adoption of these standards on the financial statements of STC is not known at this time.

5. FINANCIAL RISK MANAGEMENT

Fair value

The following summarizes the classification, carrying amounts and fair values of the Company's financial instruments:

			March 31, 2016		December 31, 2014	
	Classification	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
			(In Thousands)			
Cash	FV	1	$ 2,051	$ 2,051	$ 1,855	$ 1,855
Accounts receivable	L&R	N/A	806	806	1,311	1,311
Trade and other payables	OL	N/A	2,549	2,549	3,039	3,039

Classification details are:
FV - fair value through profit or loss
L&R - loans and receivables
OL - other financial liabilities

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

The fair value hierarchy is not applicable where the carrying amount approximates fair value due to the short-term nature of the financial instrument.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through cash and accounts receivable. Cash is held with a major chartered Canadian bank and management believes the risk of loss to be minimal. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers but does not anticipate such non-performance. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks identified with the customer and other relevant information. STC monitors the credit risk and credit rating of customers on a regular basis.

The maximum exposure to credit risk is $2,857 thousand (December 31, 2014 - $3,166 thousand) equal to the carrying amount of the Company's financial assets (cash - $2,051 thousand (December 31, 2014 - $1,855 thousand) and accounts receivable - $806 thousand (December 31, 2014 - $1,311 thousand)).

The following table sets out details of the age of accounts receivables and allowance for doubtful accounts:

	March 31, 2016	December 31, 2014
	(in Thousands)	
Gross accounts receivable:		
Current	$ 489	$ 1,033
Up to three months past due	394	388
Greater than three months past due	74	49
	957	1,470
Allowance for doubtful accounts, opening balance	(159)	(160)
Accounts written off	8	1
Allowance for doubtful accounts, ending balance	(151)	(159)
Net accounts receivable	**$ 806**	**$ 1,311**

6. CAPITAL MANAGEMENT

STC's objective when managing its capital structure is to ensure adequate funding exists to support the operations and growth strategies for the Company.

STC obtains its funding from CIC by way of operating and capital grants authorized by Orders in Council. Throughout the period, operating and capital grant draws are made as necessary based on cash flow forecasts. STC also has an available line of credit of $500 thousand at the CIBC that it can draw upon.

STC's capital structure consists of equity, primarily in the form of retained earnings. STC does not have any debt. STC's capital structure is as follows:

	March 31, 2016	December 31, 2014
	(in Thousands)	
Contributed surplus	$ 465	$ 465
Retained earnings	6,379	6,128
	$ 6,844	**$ 6,593**

The Company monitors and assesses its financial performance against its plans in order to ensure that it is continuing its commitment to serve the province by providing bus passenger and express service to the communities of Saskatchewan. STC achieves this by adhering to its balanced scorecard objectives, measures, and targets that have been approved by the STC Board of Directors and CIC.

7. INVENTORIES

The costs of inventory recognized as an expense during the period in respect of continuing operations was $378 thousand (December 31, 2014 - $380 thousand).

8. ASSETS HELD FOR SALE

	Cost	Accumulated Depreciation	March 31, 2016 Net Book Value	December 31, 2014 Net Book Value
		(In Thousands)		
Assets held for sale	$ 455	$ 451	$ 4	$ 6

At March 31, 2016 STC had fleet assets that are no longer in service and are held for sale. Management intends to dispose of these assets through public sale within the next 12 months. The carrying amount of these assets approximates fair value.

9. CHANGE IN FLEET VALUATION AND ESTIMATED USEFUL LIVES

Pursuant to IFRS, and based on an evaluation of internal and external sources of information related to condition, remaining useful life and market prices for similar assets, management concluded there were observable indications that the value of two coaches was impaired effective May 31, 2015. The net book value of each coach as of May 31, 2015 was $273 thousand while the assessed recoverable amount, which is fair value less costs of disposal, was estimated at $140 thousand per coach. Fair value is measured using Level 1 of the fair value hierarchy based on quoted prices readily available from an active market.

This resulted in recognition of an impairment loss on each coach of $133 thousand, or a total of $266 thousand, which was included as part of depreciation expense for the period. Both coaches were originally purchased with grant funding, and therefore the impairment loss was offset by the recognition of a corresponding $266 thousand of capital grant revenue for the period. There was no net effect on total comprehensive income within the Statement of Comprehensive Income (Loss). As a result of the impairment loss, property and equipment and the deferred capital grant liability each decreased by $266 thousand on the Statement of Financial Position. There was no impact to the Statement of Cash Flows.

In accordance with the accounting policies of the Company regarding estimates and judgments, management has changed the remaining useful lives of both coaches from 15 years to 6 years, and therefore the coaches will be fully depreciated by August 31, 2018. As a result of this change in useful lives, depreciation expense increased by $15 thousand for the period ended March 31, 2016. Depreciation expense will increase by $18 thousand for the years ended March 31, 2017 and 2018 and $7 thousand for the year ended March 31, 2019.

10. PROPERTY AND EQUIPMENT

	Land	Buildings	Vehicles	Other Equipment	Total
			(In Thousands)		
Cost or deemed cost					
Balance at December 31, 2013	$ 4,654	$ 33,973	$ 17,716	$ 8,846	$ 65,189
Additions	-	848	2,245	333	3,426
Assets held for sale	-	-	(1,931)	-	(1,931)
Disposals	-	-	-	(83)	(83)
Balance at December 31, 2014	4,654	34,821	18,030	9,096	66,601
Balance at December 31, 2014	**4,654**	**34,821**	**18,030**	**9,096**	**66,601**
Additions	**-**	**3,008**	**605**	**208**	**3,821**
Assets held for sale	**-**	**-**	**(742)**	**-**	**(742)**
Disposals	**-**	**-**	**-**	**(641)**	**(641)**
Balance at March 31, 2016	**4,654**	**37,829**	**17,893**	**8,663**	**69,039**
Depreciation					
Balance at December 31, 2013	-	11,824	10,423	7,163	29,410
Depreciation	-	986	1,578	551	3,115
Assets held for sale	-	-	(1,916)	-	(1,916)
Disposals	-	-	-	(78)	(78)
Balance at December 31, 2014	-	12,810	10,085	7,636	30,531
Balance at December 31, 2014	**-**	**12,810**	**10,085**	**7,636**	**30,531**
Depreciation	**-**	**1,280**	**2,140**	**503**	**3,923**
Assets held for sale	**-**	**-**	**(721)**	**-**	**(721)**
Disposals	**-**	**-**	**-**	**(640)**	**(640)**
Balance at March 31, 2016	**-**	**14,090**	**11,504**	**7,499**	**33,093**
Carrying Amounts					
At December 31, 2014	$ 4,654	$ 22,011	$ 7,945	$ 1,460	$ 36,070
At March 31, 2016	**$ 4,654**	**$ 23,739**	**$ 6,389**	**$ 1,164**	**$ 35,946**

11. NON-MONETARY TRANSACTIONS

During the period, STC entered into non-monetary arrangements resulting in STC providing services in exchange for advertising and promotional services. The fair value of the transactions was determined based on the value of services provided as the services received were not reliably measurable. For the period, passenger and other revenue included $19 thousand (December 31, 2014 - $95 thousand) exchanged in such arrangements offset by a corresponding amount included in operating expenses.

12. CAPITAL GRANT

Order in Council #605/2015 authorized STC to obtain grant funding up to $450 thousand for capital requirements in the period. During the period, STC obtained $450 thousand (December 31, 2014 - $3,300 thousand, Order in Council #3/2014) of capital funding from CIC.

Order in Council #641/2013 authorized STC to obtain grant funding up to $3,820 thousand for structural and mechanical renovations to the Regina Maintenance Facility. During the period, STC requested and received $2,970 thousand (December 31, 2014 - $450 thousand) of the grant funding related to this project. The remaining $400 thousand will be requested as needed during the renovation project.

Deferred capital grant consists of the following:

	March 31, 2016	December 31, 2014
	(In Thousands)	
Deferred capital grant, beginning of period	$ 30,469	$ 29,592
Capital grant received	450	3,300
Grant received - Regina Maintenance Facility renovations	2,970	450
Capital grant revenue recognized	(3,656)	(2,873)
	$ 30,233	**$ 30,469**

13. OPERATING GRANT

Orders in Council #83/2015 and #605/2015 authorized STC to obtain grant funding up to $13,250 thousand for operating requirements during the period. During the period, STC obtained $13,250 thousand (December 31, 2014 - $10,300 thousand, Order in Council #3/2014) from CIC.

14. PENSION CONTRIBUTIONS

The Company participated in two pension plans during the period. From January 2015 to May 2015, STC made contributions to the Capital Pension Plan in the amount of $367 thousand (December 31, 2014 - $879 thousand) which were expensed during the period. In June 2015, STC became a participating employer with the Public Employees' Pension Plan, and all Capital Pension Plan balances were transferred to the Public Employees' Pension Plan. STC contributed $692 thousand to the Public Employees' Pension Plan from June 2015 to March 2016 which were expensed during the period.

15. NET CHANGE IN NON-CASH WORKING CAPITAL

	March 31, 2016 (15 months)	December 31, 2014 (12 months)
	(In Thousands)	
(Increase) Decrease in:		
Accounts receivable	$ 505	$ (30)
Inventories	(26)	5
Prepaid expenses	66	(16)
	545	**(41)**
Increase (Decrease) in:		
Trade and other payables	(490)	89
	$ 55	**$ 48**

16. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). STC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

On October 15, 2008, STC sold its former Regina head office building and land to SaskPower, a Saskatchewan Crown corporation. The sale was recorded as a related party transaction and as such, the excess of consideration received over the net book value of the property was credited to contributed surplus ($46b thousand).

In addition, the Company pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel consist of the Company's directors and executive officers. Compensation to key management personnel consisted of short-term employee benefits (director remuneration, executive salaries and non-cash benefits) and post employment benefits (Company contributions to defined contribution pension plan for executive).

Key management personnel compensation comprised:

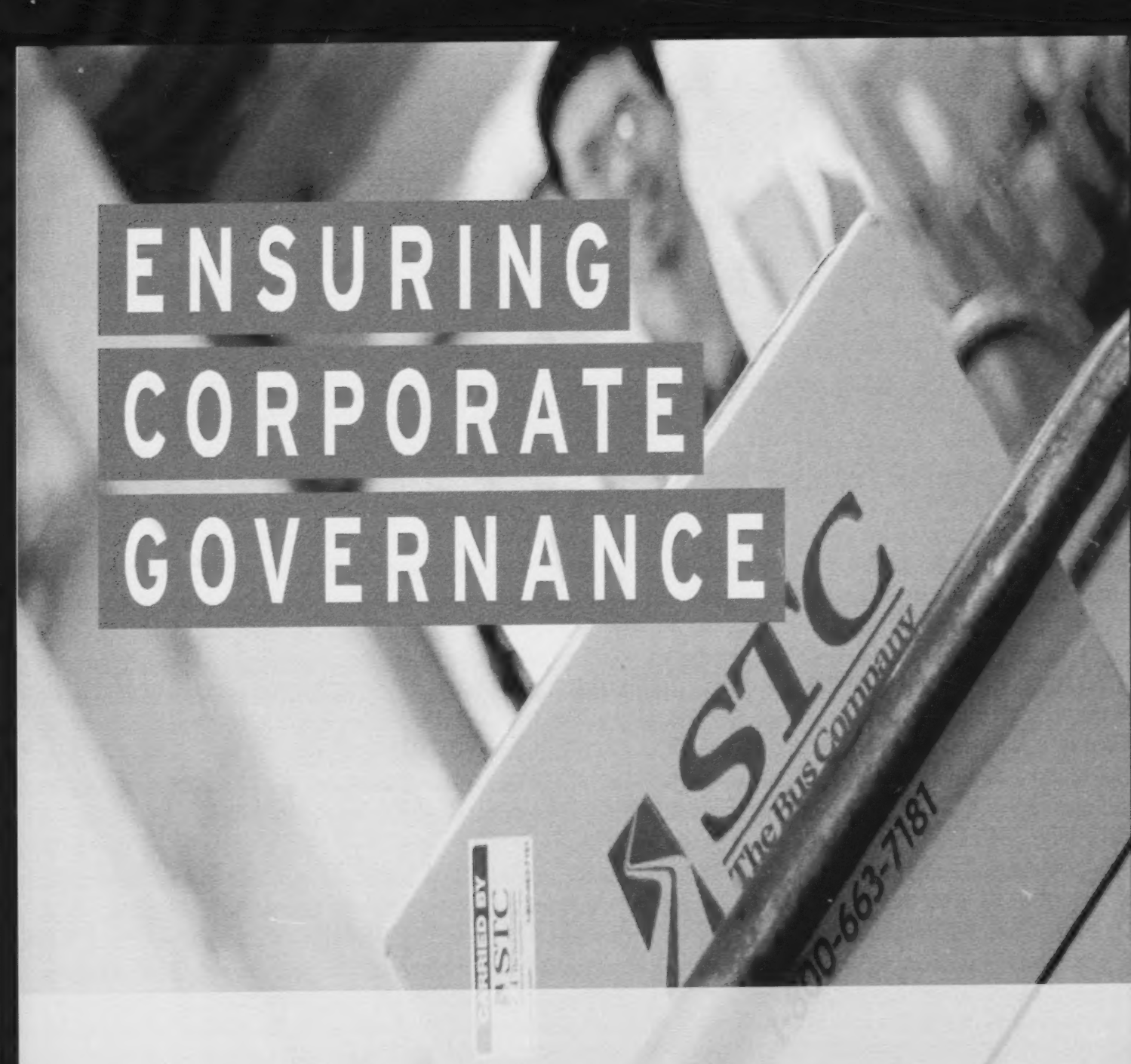
	March 31, 2016 (15 months)	December 31, 2014 (12 months)
	(in Thousands)	
Short-term employee benefits	$ 1,719	$ 1,302
Post-employment benefits	84	67
	$ 1,803	$ 1,369

18. COMMITMENTS

As at March 31, 2016, STC had made significant commitments in the amount of $690 thousand for the purchase of four coaches and three trailers. The fleet additions are expected to be delivered during the second quarter of 2016-17.

LANE 3

ENSURING CORPORATE GOVERNANCE



STC follows a framework of rules and practices by which the Board of Directors ensures accountability, fairness and transparency.

CORPORATE GOVERNANCE | PAGE 60

STC's Board of Directors are stewards for the organization representing the shareholder.

BOARD COMMITTEES | PAGE 66

Committees assist the Board in fulfilling its obligations and meetings its responsibilities.

CORPORATE GOVERNANCE SCORECARD | PAGE 68

STC outlines its corporate governance practices in alignment with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201* and *National Instrument 58-101.*

CORPORATE GOVERNANCE

AUTHORITY

Established in 1946, the Saskatchewan Transportation Company (STC) is a Crown corporation of the province of Saskatchewan. STC is subject to *The Crown Corporations Act, 1993*, which provides the Crown Investments Corporation of Saskatchewan (CIC), the holding company for Saskatchewan's Crown corporations, the authority to establish the direction of the Corporation.

STC reports to CIC on a regular basis on matters such as the Balanced Scorecard results, financial statements and forecasts, capital expenditures and grant requirements. STC also provides ad hoc reports to CIC upon request.

BOARD OF DIRECTORS

Role of the Board

The primary function of the STC Board of Directors (Board) is to represent the shareholder as stewards of the Corporation. The Board has a statutory authority and obligation to oversee the affairs and business of the Corporation. The Board oversees Executive Officers, who are responsible for day-to-day operations, and through the Chief Executive Officer (CEO), sets the standards of organizational conduct and performance.

Through the Chair, the Board of Directors is accountable to the Minister Responsible for Saskatchewan Transportation Company. The Minister functions as a link between STC and Cabinet, as well as the provincial legislature.

The CEO leads the development and implementation of strategic initiatives, policies, operating and capital budgets, makes recommendations and implements board-approved initiatives, liaises with the Minister acting on behalf of the Province and shareholder and manages the day-to-day business. The Minister Responsible for STC and Cabinet are tasked to communicate broad objectives for the Corporation and empower the Board to oversee the business of the Corporation.

The Board has its own Terms of Reference, along with responsibilities laid out in accordance with "best practices" for corporate governance, as developed by the Canadian Securities Administrators.

There were fourteen (14) Board meetings in the 2015-16 fiscal year. The following are the director's attendance statistics:

Director	Meetings Attended[1]
Mitchell J. Holash, Q.C.[2]	10/10
Jocelyn Hutchinson	13/14
John Breakey	14/14
Amanda Crashley	14/14
Véronique Loewen	13/14
Mervin Massier	13/14
Mervin Schneider	12/14
Delmer Wagner	13/14
Jonathan Abrametz[3]	4/4

[1] For the purpose of this report, members who attended meetings in part were considered to be present.
[2] Mitchell Holash was appointed as a member and designated as the Chair of the Board effective March 10, 2015.
[3] The appointment of Jonathan Abrametz to the Board ended on March 10, 2015.

Board Compensation

The 2015-16 remuneration and expense schedules for the Board were determined by CIC and adhered to by STC.

Directors were paid an annual retainer and per diems:

Board Chair Retainer (Annual)	$20,000
Board Member Retainer (Annual)	$14,000
Audit & Finance Committee Chair Retainer (Annual)	$2,600
Other Committee Chair Retainer (Annual)	$2,000
Committee Member Meeting Fee (Daily)	$650

Board Priorities and Risk Oversight

In 2015-16, the Board of Directors focused on areas that could positively impact the organization's financial performance and risk mitigation. Semi-annual reviews of the enterprise risk management framework ensure the Board understands that effective risk management processes are in place and functioning effectively. Approval of the annual business plan ensures that management understands the direction of the Company.

CORPORATE GOVERNANCE

Board Composition

The STC Board consists of independent directors who are appointed for a set term by the Lieutenant Governor in Council. The Lieutenant Governor in Council also designates the Chair and Vice-Chair of the Board.

In 2015-16, the composition of the Board was as follows:

MITCHELL J. HOLASH, Q.C.

Mitchell Holash, Q.C. is a senior partner with Novus Law Group based in Prince Albert, having been awarded the professional distinction of Queen's Counsel. Mr. Holash is currently Chairman of the Saskatchewan Honours Advisory Council, and has served as Chairman of the Saskatchewan Police Commission, as the Governance Committee Chairman for SaskPower, as a Director of the Saskatchewan Arts Board and Saskatchewan Sports Hall of Fame and as Vice-Chair and Trustee for the Saskatchewan Foundation for the Arts. He is appointed nationally to the Oversight Committee for the Indian Residential School Adjudication Secretariat. Mr. Holash has been awarded the Saskatchewan Volunteer Medal, the Saskatchewan Centennial Medal and the Saskatchewan Association of Community Planners Community Development Award, and has been a recipient of both Prince Albert's Citizen of the Year and Sportsman of the Year Awards.

Board Chair
Audit and Finance Committee Member
Compensation Committee Chair

JOCELYN HUTCHINSON

Jocelyn Hutchinson is the Manager of Marketing and Brand Development at IM Wireless Communications Inc., The Wireless Age, a well-established participant in Canada's wireless industry in partnership with SaskTel. Her past experience as a Regina City Councillor, Ward 2 from 2006 to 2012 afforded her the opportunity to participate in the City's senior decision-making and policy body. Currently she is Honorary LCol. of the Saskatchewan Dragoons and CFLC Board Member. Mrs. Hutchinson was also Past President of Regina Queen City Kinette Club, a Committee Member of Kinsmen Telemiracle Organizing Committee and continues to be a regular participant in local charities and community organizations.

Board Vice-Chair
Audit and Finance Committee Member
Compensation Committee Member

JOHN BREAKEY

John Breakey is an Estevan-based oil, land and retired farm entrepreneur. Currently Mr. Breakey is the Vice-President of Land and a shareholder in a junior Saskatchewan-based oil company. He is the owner and manager of three other family corporations involved in oil and land operations and has past experience as a financial fieldman with Farm Debt Review Board. Mr. Breakey is a regular participant in local charities and community organizations.

Governance and Corporate Responsibility Committee Chair
Compensation Committee Member

AMANDA CRASHLEY

Amanda Crashley has been a Big River-based insurance broker for twenty years. She is highly involved in the community as an active volunteer with minor sports, cultural boards and associations. Mrs. Crashley is the Human Resources Officer for the local Emergency Measures Organization and a Board member for numerous non-profit organizations including Kidsport and Minor Sports Association. She is involved in various community fundraising projects each year.

Governance and Corporate Responsibility Committee Member

VÉRONIQUE LOEWEN

Véronique Loewen is the Communications Manager for AREVA Resources Canada Inc. and an English-French translation services provider with Verolingo Communications based in Saskatoon. Mrs. Loewen is involved in several charitable, community and professional organizations, including Women in Mining/Women in Nuclear Saskatchewan, the Saskatchewan Mining Association and the Children's Hospital Foundation of Saskatchewan.

Governance and Corporate Responsibility Committee Member

CORPORATE GOVERNANCE

MERVIN MASSIER

Mervin Massier is a retired financial services professional who has held senior executive positions within Canadian-based financial institutions throughout Western Canada. Currently, Mr. Massier serves as an active Board Member for non-profit organizations within the Saskatoon area and is actively involved in the Saskatoon community.

Audit and Finance Committee Member

MERVIN SCHNEIDER

Mervin Schneider is a Prince Albert-based retired Chartered Accountant, serving over 38 years in public practice with Deloitte & Touche including terms on Executive Committee, Office Managing Partner and Audit and Assurance Partner. He is currently operating a small business consulting practice and serving on a number of profit and non-profit Boards, including STC since 2011. Mr. Schneider completed training and received a Chartered Director (C.Dir.) designation from McMaster University in 2012.

Audit and Finance Committee Chair
Compensation Committee Member

DELMER WAGNER

Delmer Wagner is retired with over thirty-one years of experience in the education field, including Director of Education, Superintendent of Student Services, Principal, Vice-Principal and teacher. He is a published author of numerous education-related articles and studies. Based in Moose Jaw, Mr. Wagner is an occasional provider of senior administrative services within the education sector and is involved in various community-based pursuits, currently serving as President of Heartland Hospice Moose Jaw.

Governance and Corporate Responsibility Committee Member

STC

BOARD COMMITTEES

To assist the Board in fulfilling its obligations and meeting its responsibilities, the Board has statutory authority to establish any committees it considers necessary for the efficient conduct of the Corporation's business affairs and to prescribe duties to any committee it appoints. Each committee has its own Terms of Reference, updated annually, which outlines its authority and areas of responsibility. Delegation of responsibility by the Board to a committee does not absolve the full Board from responsibility for a committee's work or decisions. The Board Chair is ex-officio on all Board Committees not already appointed to and may attend any meeting as appropriate.

The following committees acted in an advisory capacity to the Board of Directors in 2015-16. Committee members are listed as of March 31, 2016.

Audit and Finance

Chair: Mervin Schneider
Committee Members: Mitchell Holash, Jocelyn Hutchinson, Mervin Massier

The Audit and Finance Committee assists the Board in fulfilling its obligations and responsibilities for:

- overseeing the overall financial management of STC to ensure the integrity of internal financial controls and reporting processes;
- overseeing the provision of relevant and timely financial information to the Board;
- the appointment of the external auditor; and,
- ensuring appropriate follow-up of audit results.

Governance and Corporate Responsibility

Chair: John Breakey
Committee Members: Amanda Crashley, Véronique Loewen, Delmer Wagner

The Governance and Corporate Responsibility Committee assists the Board in fulfilling its obligations and responsibilities for:

- developing and recommending best corporate governance practices and the annual strategic planning processes;
- overseeing human resource strategies, programs and practices;
- ensuring the Corporation is proactive in addressing safety, health, and environment issues, and is in compliance with all statutory requirements;
- reviewing the Board's Committee Terms of Reference and the skills matrix required for Board complement;
- managing evaluations of the Board, Committees, Chair and Director performance; and,
- providing oversight to the Corporation's code of conduct and ethics.

Compensation

Chair: Mitchell Holash
Committee Members: John Breakey, Jocelyn Hutchinson, Mervin Schneider

The Compensation Committee assists the Board in fulfilling its obligations and responsibilities for:

- making recommendations on the recruitment of the President and Chief Executive Officer (CEO);
- making recommendations on the goals and objectives, conducting annual performance evaluations, and recommending a compensation package for the President and CEO; and,
- making recommendations on executive compensation in accordance with CIC's Executive Compensation Framework.

CORPORATE GOVERNANCE SCORECARD

STC's approach to corporate governance practices is consistent with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices*. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While STC is not a publicly traded company, its practices are benchmarked against these current industry best practices.

CORPORATE GOVERNANCE SCORECARD

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
COMPOSITION OF THE BOARD	
3.1 The Board should have a majority of independent directors.	**Consistent with CSA Guidelines - Yes** All directors of the STC Board are independent members.
3.2 The chair of the board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as "lead director". However, either an independent chair or an independent lead director should act as the effective leader of the board and ensure that the board's agenda will enable it to successfully carry out its duties.	**Consistent with CSA Guidelines - Yes** The Chair of the Board is an independent director who provides effective leadership in all Board activities. Through meeting agendas, the Chair ensures that all required information and decision items are brought forward in a timely and effective manner enabling the Board to successfully carry out its mandate and responsibilities. The Chair also serves as liaison between the Board and the shareholder.
MEETINGS OF INDEPENDENT DIRECTORS	
3.3 The independent directors should hold regularly scheduled meetings which non-independent directors and members of management are not in attendance.	**Consistent with CSA Guidelines - Yes** As a standing agenda item, the Board holds an 'in-camera session without management present at each regular meeting. All directors participate in the sessions, except where a director has a conflict with an item under discussion.
BOARD MANDATE	
3.4 The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for: (a) To the extent feasible, satisfying itself as to the integrity of the chief executive officers (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization; (b) Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business; (c) The identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks; (d) Succession planning (including appointing, training and monitoring senior management); (e) Adopting a communication policy for the issuer;	**Consistent with CSA Guidelines - Yes** The function of the Board is to act as stewards of the Corporation. The Board has a statutory authority and obligation to manage the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence between stakeholder expectations, corporate plans and management performance. The Board of Directors has a written Terms of Reference, which is reviewed annually. These terms outline its responsibilities and principal duties. (b) One of the Board's principal duties is to appoint, monitor and evaluate the performance of the President & CEO, taking appropriate action as warranted. The Governance and Corporate Responsibility Committee has established reporting standards to promote a culture of ethical business conduct among other executive officers.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
BOARD MANDATE | continued	
(f) The issuer's internal control and management information systems; and, (g) Developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer. The written mandate of the board should also set out (i) measures for receiving feedback from stakeholders (e.g., the board may wish to establish a process to permit stakeholders to directly contact the independent directors), and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials. Issuers may consider appointing a corporate governance committee to consider these issues. A corporate governance committee should have a majority of independent directors, with the remaining members being "non-management" directors.	(c) The Board participates in an annual strategic planning process with officers and senior management. The outcome of this process establishes the core objectives and strategic direction of the Corporation for the upcoming year. A complete strategic plan is approved annually and includes the identification of business opportunities, threats, new initiatives, operating goals and performance measures. (c) A principal duty of the Board is to identify principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and potential returns and to oversee the implementation of appropriate systems to manage the risks. The Enterprise Risk Management matrix is a key tool for the Board. (d) The Board has delegated the responsibility of succession planning to the Governance and Corporate Responsibility Committee to oversee. The Committee reviews the plan on an annual basis and reports its findings to the Board. (e) The Board adopts policies and processes to enable effective communication with the shareholder, stakeholders and the public. (f) The Board monitors the integrity of the Corporation's internal control and management information systems through the CEO/CFO Certification process and through work with both internal and external auditors. (g) The Board has delegated the Corporation's approach to corporate governance to the Governance and Corporate Responsibility Committee to oversee. STC surveys internal and external stakeholders to obtain feedback about corporate activities. The Chair of the Board participates in a forum established by CIC, which is comprised of the chairs of all subsidiary Crown Boards and senior CIC officials, where issues of mutual interest and concern are shared. The Board's Terms of Reference outlines expectations and responsibilities of directors and it also provides the Chair the right to recommend to CIC the removal or replacement of a member that has missed two consecutive regularly scheduled Board meetings or has attended fewer than sixty per cent of all meetings held in any year. STC is not an issuer.

CORPORATE GOVERNANCE SCORECARD | continued

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
POSITION DESCRIPTIONS	
3.5 The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.	**Consistent with CSA Guidelines - Yes** The *Crown Corporations Act, 1993* subsection 23 (5) and CIC's "Chair of the Board Terms of Reference" outline the primary duties of the Chair of the Board. There is a Terms of Reference for the Board and each Committee of the Board and written position descriptions are in place for the Chair, each Committee Chair and the CEO. The Board's Terms of Reference sets out matters that require Board approval and delegate other matters to management. The Board annually approves a strategic business plan and performance management plan, which includes the corporate objectives and goals (Balanced Scorecard targets) for the upcoming year. The CEO is ultimately responsible to the Board for meeting these goals and objectives.
ORIENTATION AND CONTINUING EDUCATION	
3.6 The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business.	**Consistent with CSA Guidelines - Yes** Orientation sessions are held between management and directors, providing insights into the business and its operations. Written reference materials are provided to supplement these orientation sessions. The Board also receives regular operations and management updates at each of its regular meetings. In the circumstance that there are new Board members appointed, a Board orientation will be scheduled.
3.7 The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	**Consistent with CSA Guidelines - Yes** CIC's Board Training Program covers all the Crown corporations' education programs. All STC Board members have the opportunity to take part in various sessions of this training throughout the year.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
CODE OF BUSINESS CONDUCT AND ETHICS	
3.8 The board should adopt a written code of business conduct and ethics (a code). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues: (a) Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest; (b) Protection and proper use of corporate assets and opportunities; (c) Confidentiality of corporate information; (d) Fair dealing with the issuer's security holders, customers, suppliers, competitors and employees; (e) Compliance with laws, rules and regulations; and, (f) Reporting of any illegal and unethical behaviour.	**Consistent with CSA Guidelines - Yes** Directors and officers must comply with *The Crown Corporations Act, 1993* Part VI, which explicitly outlines duty of care, conflict of interest and indemnification. The Board must also comply with CIC's *Directors' Code of Conduct*, which is applicable to all directors of its subsidiary Crown Boards. A copy of the *Director's Code of Conduct* can be obtained by contacting the Corporate Secretary to the Board. The Board provides annual attestation for compliance with the *Directors' Code of Conduct*. Officers and employees of the Corporation must comply with STC's *Code of Ethical Conduct*. Management reports on the compliance with the Corporation's *Code of Ethical Conduct* to the Governance and Corporate Responsibility Committee at each of its regular meetings.
3.9 The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee has the duty and responsibility to administer the *Director's Code of Conduct*, reports on compliance with the code and provides advice to the directors on conflict of interest.
NOMINATIONS OF DIRECTORS	
3.10 The board should appoint a nominating committee composed entirely of independent directors.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee functions as the nominating committee and is comprised of all independent Board members.
3.11 The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee's Terms of Reference establishes the Committee's role and responsibility to act as advisors to the Board regarding purpose and responsibilities that include the objectives to advise the Board regarding nominees for positions on the Board of Directors.

CORPORATE GOVERNANCE SCORECARD | continued

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
NOMINATIONS OF DIRECTORS | continued	
legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.	If the Committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities. There are no third party nominations to the Board of Directors.
3.12 Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps: (a) Consider what competencies and skills the board, as a whole, should possess. In doing so, the board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another. (b) Assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the board. Instead, the board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic. The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making. In carrying out each of these functions, the board should consider the advice and input of the nominating committee.	**Consistent with CSA Guidelines - Yes** The Board's nomination process as outlined in the Terms of Reference of the Governance and Corporate Responsibility Committee meets these guidelines. The Board, with the assistance of the Corporate Secretary, undertakes an annual review of the Board skills matrix. As stated in its Terms of Reference, the Board shall be comprised of not more than ten (10) members. Board members are appointed by Order in Council.
3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.	**Consistent with CSA Guidelines - Yes** As outlined in its Terms of Reference, the Governance and Corporate Responsibility Committee has the responsibility to advise the Board regarding the composition of the Board and may put forward, for consideration, qualified candidates to fill vacant positions, which are then forwarded to CIC for consideration and decision. The shareholder has the legislative authority to make Board appointments and all appointments are by Order in Council.

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
NOMINATIONS OF DIRECTORS | continued	
3.14 In making its recommendations, the nominating committee should consider: (a) The competencies and skills that the board considers to be necessary for the board, as a whole, to possess; (b) The competencies and skills that the board considers each existing director to possess; and, (c) The competencies and skills each new nominee will bring to the boardroom. The nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.	**Consistent with CSA Guidelines - Yes** The Committee reviews the competencies required by the Board and the skills of current directors annually or as required, and identifies gaps in skill sets on the Board. Executive Council is responsible for considering how the skills and competencies of each candidate fit with the skill gaps identified by the Board and for determining that nominees have the time and resources to fulfil their duties as a Board member.
COMPENSATION	
3.15 The board should appoint a compensation committee composed entirely of independent directors.	**Consistent with CSA Guidelines - Yes** The Board appoints a Compensation Committee. The composition of this Committee is the Board Chair, the Vice-Chair, the Chair of Governance and Corporate Responsibility and the Chair of Audit and Finance.
3.16 The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.	**Consistent with CSA Guidelines - Yes** The Compensation Committee is established by the Board of Directors and has a Terms of Reference that establishes the duties and responsibilities of this Committee. If the Committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities.
3.17 The compensation committee should be responsible for: (a) Reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation;	**Consistent with CSA Guidelines - Yes** The Compensation Committee completes an annual performance evaluation of the President and CEO and recommends a ranking to the Board for approval. They also make recommendations on executive compensation in accordance with CIC's Executive Compensation Framework.

CORPORATE GOVERNANCE SCORECARD | continued

CSA Corporate Governance Policy, NP 58-201	STC Governance Practices 2015-16
COMPENSATION | continued	
(b) Making recommendations to the board with respect to non CEO officer and director compensation, incentive-compensation plans and equity based plans; and, (c) Reviewing executive compensation disclosure before the issuer publicly discloses this information.	Respecting non CEO officer compensation, the Compensation Committee is responsible for recommending, to the Board, management compensation packages, performance compensation programs and annual performance targets. The Board reviews and approves the achievement of corporate targets annually and the extent to which the targets are achieved determines management's eligibility for performance compensation. Executive compensation decisions are subject to any guidelines established by CIC. Director compensation is determined by CIC. CEO, officer and employee compensation disclosure occurs in the form of an annual Crown payee list, which is recommended to the Board by the Audit and Finance Committee. Upon Board approval, the payee list is submitted and publicly disclosed through tabling with the Crown and Central Agencies Committee of the legislature. Under the *Crown Employment Contracts Act*, the CEO, officers and senior managers, who report directly to the CEO, are also required to file their employment contract details to the Clerk of the Executive Council.
REGULAR BOARD ASSESSMENTS	
3.18 The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider: (a) In the case of the board or a board committee, its mandate or charter; and (b) In the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the board.	**Consistent with CSA Guidelines - Yes** The Governance and Corporate Responsibility Committee, with the assistance of the Corporate Secretary to the Board, is responsible for conducting such evaluations and reporting results to the Board. Performance evaluations on all CIC subsidiary Crown corporation Boards are conducted on a two year cycle. All director peer, Committee Chair and Board Committee evaluations were conducted in 2015. In 2014, evaluations of the Board and the Board Chair were completed. The Board and its Committees review their Terms of Reference annually. Directors' skills are reviewed annually; individual directors are plotted on a skills matrix and are assessed as part of a regular peer review.

In 2015, STC adopted the CSA Amendment Instrument for *National Instrument 58-101* respecting disclosure of Director terms and the representation of women on the Board and in Executive Officer positions as outlined in the following table.

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2015-16
TERM LIMITS	
NI 58-101F1, section 10 Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	**Consistent with CSA Guidelines - Partial Compliance** The Lieutenant Governor in Council, pursuant to *The Crown Corporation Act, 1993*, has the responsibility and the legislative authority to remove and appoint Board Directors. All appointments are sanctioned by Order in Council, and Directors appointments are not subject to term limits. A Committee and Board Effectiveness Review occurs annually in the fourth quarter. This review provides confirmation from each Committee and the Board on the effectiveness of their responsibilities and duties as outlined in their Terms of the Reference. Performance evaluations on all CIC subsidiary Crown corporation Boards are conducted on a two year cycle. All director peer, Committee Chair and Board Committee evaluations were conducted in 2015. In 2014, evaluations of the Board and the Board Chair were completed.
REPRESENTATION OF WOMEN	
NI 58-101F1, section 11 (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so. (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	**Consistent with CSA Guidelines - Partial Compliance** Crown Investments Corporation of Saskatchewan (CIC), has a written "Board of Directors' Appointment Policy", which has been adopted by the Corporation. While the policy does not specifically refer to the identification and nomination of women directors, it requires Crown Boards to include "diversity candidates." The term "diversity candidates" is not defined, but is interpreted by CIC as including women, Aboriginal persons and visible minorities. CIC maintains statistics regarding the diversity of each Crown Board, including progress made in the percentage of women serving on Crown Boards. Annually, the STC Governance and Corporate Responsibility Committee analyze the composition of the Board which includes the degree of diversity representation and provides input to CIC. CIC forwards information to the shareholder to be considered when Board appointment decisions are made. This information includes the recommendations, diversity statistics and skill sets required for the Board.

CORPORATE GOVERNANCE SCORECARD | continued

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2015-16
REPRESENTATION OF WOMEN | continued	
NI 58-101F1, section 12 Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	**Consistent with CSA Guidelines - Partial Compliance** Annually, the STC Governance and Corporate Responsibility Committee reviews and analyzes the composition of the Board which includes the level of diversity representation. The Committee also evaluates the level of gender balance within the Board membership and results of the review are then provided to the shareholder for consideration. Subsequently, the shareholder has the legislative authority to make Board appointments and all appointments are by Order in Council. Decisions in regard to the identification and nomination of women appointed to the Board are the responsibility of the shareholder.
NI 58-101F1, section 13 Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	**Consistent with CSA Guidelines - Yes** Executive officer appointments are made by the CEO. The CEO gives consideration to the level of representation of women in executive officer positions, along with other relevant factors, when making executive officer appointments.
NI 58-101F1, section 14 (a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. (d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.	**Consistent with CSA Guidelines - Partial Compliance** Although the CIC policy requires Crown Boards to include "diversity candidates," the CIC policy does not adopt a specific target for representation of women on the Board. The shareholder has the legislative authority and responsibility to make Board appointments including the identification and nomination of women directors for the Board of Directors. Executive officer appointments are made by the CEO. The CEO gives consideration to the level of representation of women in executive officer positions, along with other relevant factors, when making executive officer appointments. Although STC has not formally adopted a target or policy for women sitting in executive officer positions, there is an organization-wide target of 46 per cent for females in underrepresented occupations. The representation of women on the executive team is 50 per cent. STC reports on this target annually to the Board of Directors, Canadian

CSA Corporate Governance Policy, NI 58-101	STC Governance Practices 2015-16
REPRESENTATION OF WOMEN | continued	
	Human Rights Commission and the Saskatchewan Human Rights Commission. Women make up 25 per cent of the senior managers. Rather than instituting a target or quota for executive officers, STC will emphasize the importance of developing the internal talent pipeline at both the management and executive level.
NI 58-101F1, section 15 (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	**Consistent with CSA Guidelines - Yes** In 2015-16, STC had three (3) of the eight (8) or 38 per cent of director positions filled by women (38 per cent in 2014; 38 percent in 2013). As of March 31, 2016, three (3) of the six (6) or 50 per cent of the executive officers at STC were women (33 per cent in 2014; 33 per cent in 2013).

CORPORATE DIRECTORY

STC's dedicated staff work hard to provide valuable passenger and freight services across the broad provincial network.

DIVISIONS OF STC | PAGE 80

STC's divisions work together towards the Company's vision to be the best passenger and freight company in Canada.

CORPORATE DIRECTORY | PAGE 82

STC's senior team provide leadership and direction in the achievement of the strategic goals.

ROUTE MAP | PAGE 84

STC's network spans the province and provides passenger and freight services to 253 communities.

DIVISIONS OF STC

CUSTOMER SERVICES AND OPERATIONS

The Customer Services and Operations Division is responsible for passenger, parcel express, and maintenance services. The Division includes the following components:

Passenger Services

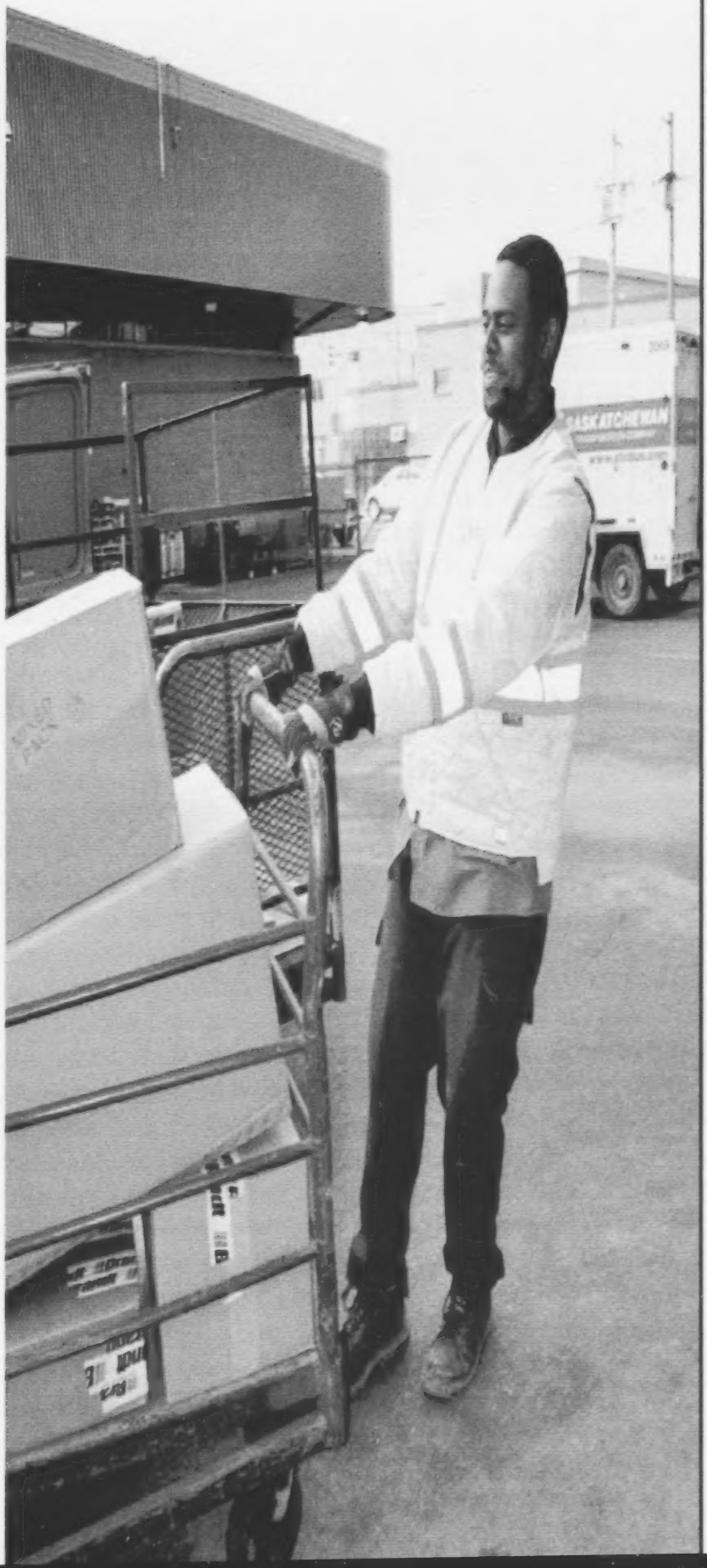
Passenger Services is responsible for ensuring passengers enjoy safe and reliable transportation. This area handles functions that include operating motor coaches, issuing of tickets, scheduling, maintenance of tariffs, dispatching of buses and drivers, managing the network of agencies, and the maintenance and management of buildings. In addition to regular passenger services, charter services are also operated and managed in this area.

Parcel Express Services

Parcel Express Services is responsible for the freight and baggage handling for all STC schedules and connecting carriers. Door-to-door pickup and delivery services are available in Regina, Saskatoon, Prince Albert, and in some designated rural agencies.

Maintenance Services

The primary responsibilities of Maintenance Services are to repair, provide preventative maintenance and store STC vehicles. These duties are performed in the service garages in Saskatoon and Regina and when required, this group handles on-the-road servicing of STC coaches. Maintenance Services handles the procurement of all coaches and corporate vehicles. Cleaning services, maintenance and storage are also provided on a contract basis for coaches of other carriers.



CORPORATE SYSTEMS AND TECHNOLOGY

The Corporate Systems and Technology division is responsible for the reliability and integrity of data, electronic communications, software applications and web services at STC. By implementing and maintaining efficient business processes through the introduction of new technologies, it ensures that ticketing and freight systems across Saskatchewan are capable of serving STC's customers in a quick and convenient manner.

The division provides technical support across the province to employees operating a variety of systems that support the business, as well as to major customers that have STC shipping systems in their distribution centres.

The Corporate Systems and Technology division is also responsible for procurement and management of all corporate hardware and software.

FINANCE

The Finance Division provides the information required to monitor STC's performance and make effective decisions. The division delivers accurate financial reporting, budgeting and forecasting; assesses risk and insurance requirements; oversees legislative and regulatory compliance monitoring; and, monitors internal control functions. In addition, specific groups within the division are responsible for billing and collection of revenue, issuing payments to suppliers, monitoring reports from agencies, and processing reclaims with partner carriers.

HUMAN RESOURCES AND PAYROLL

The Human Resources and Payroll Division provides leadership and strategic human resource advice and support to ensure STC has a strong and committed workforce. To ensure a standard of excellence, the division delivers human resource services, including recruitment and retention; labour relations; human resource policy and planning; learning and development; organizational development and design; payroll and benefits administration; occupational health and safety; transport compliance; and, diversity and rehabilitation/return to work programs. The division plays a key role in representing the employer during collective agreement bargaining with the Amalgamated Transit Union Local 1374 and contributing to a positive employer and employee relationship.

STRATEGIC PLANNING AND COMMUNICATIONS

The Strategic Planning and Communications Division is responsible for corporate promotions, communications and strategic planning. Promotional advertising, corporate branding, and public relations are tools used to drive revenues for the organization in both passenger and parcel express services. Ensuring effective communications between the Company and its shareholder Crown Investments Corporation of Saskatchewan (CIC), the media, and the Government of Saskatchewan are important services provided by this area.

The division establishes STC's planning process, its strategic business plans and reports on performance and governance compliance. It also has responsibility for privacy of information and requests under freedom of information legislation.

CORPORATE DIRECTORY

EXECUTIVE OFFICERS

Compensation Philosophy

STC follows the compensation philosophy as outlined in the Crown Investments Corporation of Saskatchewan, Crown Executive Compensation *Policy, Procedures and Guidelines.*

Salary ranges for STC's Executive Team, as of March 31, 2016, are:
President and Chief Executive Officer: $149,204 to $186,506
Other Executive members: $107,798 to $158,529

SHAWN GRICE
President and Chief Executive Officer
Shawn Grice was appointed as STC's President and Chief Executive Officer in 2010. Before becoming CEO, Mr. Grice served as Chief Financial Officer (CFO) at STC since 1998. Previous to his joining the Company, Mr. Grice held roles with Crown Investments Corporation of Saskatchewan (CIC), Saskatchewan Department of Finance, and KPMG Peat Marwick Thorne. Mr. Grice graduated with a Bachelor of Commerce (Great Distinction) from the University of Saskatchewan, holds a Chartered Professional Accountant (CPA, CA) designation from the Canadian Institute of Chartered Accountants (CICA), obtained the Chartered Director (C.Dir.) designation in 2013 from The Directors College (a joint venture of McMaster University and The Conference Board of Canada) and has also completed the CICA In-depth Taxation Program. He was a past board member and past Finance Chair with the Regina Downtown Business Improvement District, and a board member with the Canadian Bus Association.

CANDACE CASWELL
Executive Director Strategic Planning and Communications
Candace Caswell joined STC in December 2012. Prior to that, Mrs. Caswell was employed at Tourism Saskatchewan from 2006 to 2012 as the Director of Marketing, the Vice President, and the Acting President and CEO. She has also held roles with Saskatchewan Trade and Export Partnership, Saskatchewan Chamber of Commerce, and Trimension Consulting Group. Mrs. Caswell graduated with a Bachelor of Commerce (Honours and Distinction) from the University of Saskatchewan, holds a Certified International Trade Professional (CITP) designation and is a graduate of the Palladium Kaplan-Norton Balanced Scorecard Certification Program.

CRYSTAL LAWREK
Executive Director Human Resources and Payroll
Crystal Lawrek joined STC in April 2013 as Executive Director, Human Resources and Payroll. Prior to joining STC, she held progressively responsible Human Resources positions from 2003 to 2013 with the University of Regina, Meyers Norris Penny LLP and the City of Regina. Ms. Lawrek holds a Bachelor of Administration degree from the University of Regina and a certificate in Organizational Development from Queen's University Industrial Relations Centre.

DEAN MADSEN

Chief Operating Officer

Dean Madsen began working with STC as an employee of the Weyburn Bus Depot in 1986. In May of 1988, Mr. Madsen joined STC as a Baggage and Express Agent in Regina. Since that time Mr. Madsen worked in various areas of the Company, moving into senior management positions and culminating in the position of Chief Operating Officer as of September 2013. Mr. Madsen holds a Master of Business Administration degree from the University of Regina and is currently a board member with the National Bus Traffic Association (NBTA). He was a past board member with the Canadian Bus Association.

MICHELLE MAYSTROWICH

Acting Chief Financial Officer

Before joining STC, Ms. Maystrowich was the Chief Financial Officer with the Walker Group of Companies. Prior to that, Ms. Maystrowich held roles with SaskEnergy Incorporated and Meyers Norris Penny LLP. Ms. Maystrowich holds a Bachelor of Commerce (Distinction) from the University of Saskatchewan as well as a Chartered Professional Accountant (CPA, CA) designation.

BRIAN ROULSTON

Executive Director Corporate Systems and Technology

Brian Roulston was appointed Executive Director, Corporate Systems and Technology in February 2013. Prior to that, Mr. Roulston worked as STC's Manager of Corporate Information Technology from 2004 to 2013, and Technical Analyst from 2002 to 2004. He also held prior roles at Saskatchewan Environment and SaskTel. Mr. Roulston graduated with a Diploma in Computer Information Systems from the Saskatchewan Institute of Applied Science and Technology, and holds designations including Information Systems Professional (ISP) and Certified Information Systems Security Professional (CISSP).

ROUTE MAP

AS OF MARCH 31, 2016

JANUARY 1, 2015 - MARCH 31, 2016

AT A GLANCE

Unless indicated, the reported results are for the 15-month period ending March 31, 2016.
When appropriate, the 12-month period ending December 31, 2014 is shown for comparison.

- Established in 1946
- Head office is located in Regina
- Travelled just over 3.5 million scheduled miles (5.6 million kilometres), serving 253 Saskatchewan communities
- Had 174 agents operating in Saskatchewan
- Overall ridership of 244,785 passengers over the 15-month period (2014 12-month period: 261,531)
- Passenger satisfaction rating of 93 per cent (2014: 94 per cent)
- Parcel express customer satisfaction rating of 95 per cent (2014: 92 per cent)
- Owns and operates passenger and parcel express terminals in Regina, Saskatoon and Prince Albert
- Operates a maintenance facility in Saskatoon and one in Regina
- Has a fleet of 42 coaches, 43 per cent of which are wheelchair-accessible, varying in size from 22 seats to 51 seats, as well as a freight truck and 25 freight trailers
- $18.5 million of revenues (2014 12-month period: $16.6 million)
- $35.2 million of operating expenses (2014 12-month period: $30.2 million)
- $3.188 million of capital expenditures (2014 12-month period: $3.4 million)
- $39.6 million of assets (2014 12-month period: $40.1 million)
- Operating subsidy of $10.3 million for the 12-month period ending December 31, 2015 plus $2.95 for the three-month period ending March 31, 2016
- A capital grant of $0.45 million was provided for the three-month period ending March 31, 2016
- Employs 218 people; approximately 81.2 per cent of STC's workforce is unionized (177 out of 218 as of March 31, 2016)
- The Amalgamated Transit Union Local 1374 represents the in-scope employees
- $17.2 million of payroll (2014 12-month period: $13.7 million)

RIDE IN COMFORT | RIDE SAFELY | RIDE WITH STC
www.stcbus.com